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Tunik's report to hit banks on shares

By AVI TEMKIN
Post Economic Reporter

The Bank of Israel, the commercial banks and former finance minister Yoram Aridor will be sharply criticized in State Comptroller Yitzhak Tunik's report about last October's collapse of the banks shares, *The Jerusalem Post* has learned. The report is due to be published in a few weeks.

Knowledgeable sources say the report states that the Bank of Israel gave timely warning about the dangers in the policy of manipulating the prices of bank shares in order to increase their yields.

But the report will also state that the bank could have done more to prevent the situation from reaching the proportions it did.

The sources also say that the report will state that the central bank did warn several times that manipulation of bank share prices was undesirable, but that it took no remedial action.

The commercial banks apparently will be criticized for not warning the public in time and for even encouraging it to buy bank shares by flooding to manipulation in their prospectuses.

The report, the sources also say, will cover the entire period leading to the October crash, and will state that price manipulation should have been abandoned much earlier, even at the beginning of the 1970s, when it started.

The sources add that Aridor will come off poorly in the report, since it will state that the Treasury not only did not oppose manipulation but on several occasions even encouraged

The main charge against Aridor is his aides is that they consistently refused to devalue the shekel until was too late, causing a run on the dollar, which brought on the crisis.

The report will state that during the months leading to the October crisis, the Treasury ignored the central bank's calls for devaluation of the shekel. Only then did the bank take measures to stop practices encouraging inflation.

According to press reports yesterday, Bank of Israel Governor Moshe Indelbaum is studying a preliminary draft of the report.

He observes say that Mandelbaum has evaded responsibility whenever a major economic crisis loomed, but the report could be a very difficult challenge. Observers also point out that the report may also hurt Aridor, who is trying to make a political comeback after during the next few days.

ack market dollar mps to IS390

Post Economic Reporter
Public apprehension about impending economic measures yesterday sparked a sharp rise in the demand for foreign currency, sending black-market price of the dollar to IS390, an increase of about 10 cents since the weekend.

The increase in the black-market is expected to continue, since public apparently believes the government will take immediate economic steps.

The Bank of Israel and the Treasury have speeded the devaluation of the shekel for the past three days. Yesterday the shekel was devalued 1.1 per cent against the dollar, according to a stock market report, Page 7.)



Prime Minister Yitzhak Shamir and prime minister designate Shimon Peres speak to reporters outside Shamir's home after their latest round of unity talks yesterday afternoon. (Rahamim Israeli)

Haifa city employees on indefinite strike

By DAVID RUDGE
Jerusalem Post Reporter

HAIFA. — The municipality's 5,000 employees intend to start an indefinite strike this morning in protest against not receiving their August salaries on time. They were due to receive their salaries yesterday.

All municipal departments will be closed, as will the Carmelit subway, which carries some 10,000 passengers up and down Mt. Carmel each day.

The chairman of the municipal workers committee, Moshe Sharoni, told *The Jerusalem Post* last night that the employees could not afford to receive their wages even a day late, because of rapid inflation. So far City Hall has given no indication when their salaries will be paid, he said. *The Post* has learned that the city has run up a debt of some IS1.5

billion — much of it money owed it by the Interior Ministry — and banks are not prepared to extend any more credit.

Worst affected by the strike will be the government-municipal Rothschild Hospital, which will operate on a Shabbat schedule. Avraham Strulov, chairman of the hospital workers committee, said only emergency cases would be admitted, and many departments, including outpatient clinics, would be closed.

The 1,000 hospital workers, including doctors and nurses, receive their salaries from the Health Ministry via the municipality.

Teachers will report for work as usual today, but auxiliary school staff — secretaries, cleaners and kindergarten assistants — will be on strike. It is expected that kindergarten pupils will be sent home early.

Hurvitz turns down Labour over deputy finance post

By MICHAEL YUDELMAN
Jerusalem Post Reporter

Ometz leader Yigal Hurvitz yesterday rejected an unofficial approach by Labour Party representatives who offered him the post of deputy finance minister, *The Jerusalem Post* learned.

Ometz sources said that Hurvitz, who wishes to be finance minister, would not be able to carry out his economic policies as deputy.

Hurvitz was not approached officially by anyone to join the national unity government and said yesterday that he was not concerning himself with the issue.

"If they want me to take part in the government, they know where to find me. I'm sure they haven't forgotten my name," he said yesterday. "I'm so pleased that they agreed

on a national unity government, at last, that it doesn't matter now what party I'll have in it. After all, it was I who urged the big parties not to give the small ones anything," he said.

Hurvitz noted that he had made no prior agreements with the Alignment except that he would not participate in a narrow Likud-led government.

Labour Party figures have repeatedly explained that they would offer Hurvitz a cabinet economic portfolio — if not for his unwavering support of Jewish settlement in Judea and Samaria.

The Labour men say that given the delicate balance within the unity cabinet on this issue, they cannot afford to risk Hurvitz's voting with the Likud and possibly tilting the balance in its favour.

One SLA soldier killed; 68 Ansar inmates freed

By MENAHEM HOROWITZ
Jerusalem Post Reporter

METULLA. — A South Lebanon Army soldier, formerly of the Phalange, was killed in Sidon yesterday by light-arm fire directed at him from a passing car.

One day after the SLA took over responsibility for Nabatiya, a rocket-propelled grenade was fired at an SLA roadblock in the town. No one was hurt.

In another incident yesterday, an explosive device was thrown at an Israel Defence Forces roadblock three kilometres south of Tyre. No one was hurt.

The IDF yesterday released 68 persons from the Ansar detention camp in South Lebanon, on the eve of the Muslim holiday of Id al-Adha. Israel is holding some 800 people, most of them Palestinians and Lebanese, at the camp.

Peres, Shamir could present unity government next week

Jerusalem Post Political Staff
Premier-designate Shimon Peres said last night that he was now engaged in a series of "working meetings" with Prime Minister Yitzhak Shamir over the "structure and composition" of the unity cabinet.

Shamir and Peres held two private meetings yesterday, against a backdrop of intense struggle between parties and lobbying within parties for cabinet posts.

Shamir indicated after the second meeting that the unity accord would

be ready for submission to the decision-making forums of the various parties by the beginning of next week. Presumably, therefore, it will be presented to the Knesset on Tuesday or Wednesday.

Last night Likud and Labour legal men were putting the finishing touches on the government's policy platform, taking special care over the delicately balanced formula regarding settlements in Judea and Samaria.

Likud and Labour were also collaborating — on the level of the leaders and at lower-level consulta-

tions — over their joint problem of how to incorporate various "satellite parties" in the cabinet while at the same time preserving "parity" between them, especially on the issue of settlements.

Ideally, it seems, Shamir and Peres would like to keep the cabinet down to 20 ministers. But the Likud has pledged a seat to Shas — and, unless this is to be subtracted from the Likud's own allocation, it will have to be balanced by an additional seat to Labour or a Labour satellite.

The National Religious Party continues to present problems, too, with

its demand for two cabinet seats and its insistence that it hold the religious affairs portfolio.

In addition, Labour is unwilling to have the NRP minister, who may well be Yosef Burg, hold the balance in cabinet votes, given Burg's relative hawkishness on the question of settlements.

The Likud yesterday signed a pact with Agudat Yisrael, but the terms do not signify any important shift in the religious status quo, which is a central policy plank in the unity government.

Likud portfolio ratio: 1 minister to 4 MKs

By ASHER WALLFISH
Post Knesset Correspondent

The Likud intends to divide up the 10 cabinet seats it will get under the agreement with the Alignment by assigning six to Herut, three to the Liberals and one to La'am. *The Jerusalem Post* learned yesterday.

According to the ratio of one minister to four Knesset Members, the six cabinet seats for Herut are in approximately correct proportion to its 25 MKs; the Liberals' three cabinet seats similarly accord with their 13 MKs; while La'am, with three MKs, has the right to 0.75 of a cabinet seat.

The Herut cabinet seats will go to Yitzhak Shamir, David Levy, Moshe Arens and Ariel Sharon for certain. Another two cabinet seats will go to two of the following: Moshe Katzav, Yoram Aridor, Michael Dekel and Ronnie Milo, with Yigal Cohen-Orgad and Haim Corfu trailing way behind in the race, practically out of it.

Of the Herut ministers, Sharon will be the most disappointed, and Herut circles say he will most likely raise a rumpus in the party central committee. Sharon spoke to Kol Yisrael from New York yesterday morning and said he does not agree with Shamir's getting the second 25 months as premier or with Labour's

Yitzhak Rabin's serving as defence minister for the full term. Sharon will not get any of the cabinet portfolios he would like: not defence, which goes to Rabin; not housing, which goes to Levy; not agriculture, which goes to a Labour man.

The *Post* learned that Shamir accepted with great alacrity Peres's demand to take agriculture for Labour.

Herut may put Katzav higher on the list of cabinet hopefuls, as a counterweight to Meir Shitrit, who generates opposition in some party circles.

Corfu is out of the running for the cabinet, because he lacks a strong following in the party. Cohen-Orgad is out of the running, because his colleagues consider him just as much a flop in the Finance Ministry as Aridor was before him.

When the Herut central committee meets to choose the six ministers and approve basic policy guidelines, Sharon, Levy and Aridor are expected to stir up some ferment. But Shamir will find a strong ally in Arens and will also find that most of the rank and file are on his side.

The Liberals will put Yitzhak Moda'i, Moshe Nissim and Avraham Shafir into the cabinet. Gideon Patt, now minister of industry and trade, will fall by the wayside along with Pessah Grupper and Sara Doron.

Grupper is now agriculture minister and Doron is a minister without portfolio.

Although La'am's Eliezer Shostak, the present health minister, has the best chances of staying on to represent La'am in the cabinet, the prospects that Ehud Olmert will get the job cannot be ruled out.

The National Religious Party, in meetings yesterday with Likud and Alignment representatives, demanded a minimum of two cabinet seats: interior and religious affairs. However, according to the ratio of one minister to four MKs, both the Likud and the Alignment do not wish to give the NRP two ministers. They both argue that to give to ministers to the NRP would mean giving two to Shas and one to Morasha (which may not finally enter the coalition, it seems).

The Alignment and the Likud also contend that the NRP has been making a tremendous fuss about its alleged role in cementing the national unity coalition, when in fact its role was marginal.

The Alignment seeks to neutralize (Continued on Page 2, Col. 2)

Levy boosts 'absolute parity' in national unity government

Jerusalem Post Reporter

Deputy Prime Minister David Levy last night asserted that the government "must not turn into a general debating club. That is why we must have absolute Alignment-Likud parity in the makeup of the so-called limited cabinet."

Speaking on Israel Television's Moked interview programme, Levy vehemently denied reports that he had fought to undermine negotiations for a national unity govern-

ment. "Some of my closest associates got that impression from the tough opening stand I took on certain Likud principles" — notably, Jewish settlement in the administered areas.

To prove how sincere he had been in espousing the national unity idea, Levy disclosed that on the very first day of the negotiations he had told Prime Minister Yitzhak Shamir, "I yield in advance any claims to be foreign minister if this would ease the way for a national unity government. But we must stand on our policy principles."

Levy saw as a great victory the inclusion of the term "development" along with "existence and security" in the agreement with the Alignment on Jewish settlement in Judea and Samaria. Nevertheless, he admitted that the pace of new settlement "will probably be governed by the general economic situation."

As an example of how forthcoming the Likud had been, Levy pointed to its yielding on Peres's (Continued on Page 2, Col. 1)

Labour Party factions jostle for cabinet posts

By ROY ISACOWITZ
Jerusalem Post Reporter

TEL AVIV. — Labour Party branches and factions began jostling for position yesterday as the party prepared to choose its cabinet members.

Labour sources said that the final choice will be made today or tomorrow by prime minister-designate Shimon Peres, in conjunction with senior colleagues, Yitzhak Rabin, Yitzhak Navon and Haim Bar-Lev.

Among those pressuring for cabinet representation yesterday were the United Kibbutz Movement, the Moshav Movement, Labour's women members and the party branches. Other party activists banded together in informal pressure groups to support candidates of their choice.

The proposed coalition agreement between the Alignment and the Likud guarantees cabinet places to Peres and Rabin, the former as prime minister for two years and afterwards as deputy prime minister and foreign minister, and the latter as defence minister. That leaves eight cabinet posts to be filled by a far larger number of Labour hopefuls.

Peres and Prime Minister Yitzhak Shamir have reportedly agreed that the agriculture and education portfolios will be held by the Alignment, while the justice and housing portfolios will be held by the Likud. The rest of the posts are still to be divided up.

According to Labour sources, the education portfolio has been promised to Navon, who was Labour's candidate for foreign minister in a narrow government. The agriculture post has been claimed by the Moshav Movement for MK Arye Nehamkin,

though the United Kibbutz Movement also has designs on the post for its co-secretary, Yosef Perlmuter.

Given the paucity of positions available, the UKM will probably have to be satisfied with one minister, in which case its candidate is MK Ya'acov Tsur, of the UKM's Me'uhad wing. Tsur's preferred post would be education, but, failing that, he is regarded as well suited for the labour and social affairs portfolio.

As compensation for only the Me'uhad wing's being represented in the cabinet, the UKM's Huhud wing is likely to demand a senior non-cabinet post, possibly party secretary-general, for its representative, MK Avraham Katz-Oz. However, Katz-Oz faces stiff competition for the post from other party luminaries. They include MKs Uzi Baram, head of the Jerusalem branch, Mordechai Gur and Michael Harish.

Peres is coming under strong pressure to find a suitable portfolio for MK Abba Eban, who has lost considerable ground since Peres promised him the foreign ministry. *The Jerusalem Post* has learned that an influential group of party and Knesset faction members have made it known that they will have difficulty supporting the government if Eban is not represented in it.

The likeliest post for Eban would be minister-without-portfolio with special responsibility for news media and information and with a senior foreign-policy role. It is understood that Rabin supports such an arrangement.

Other likely Labour portfolios and personalities are MK Gad Ya'acobi as minister of industry and (Continued on Page 2, Col. 6)

Hillel's up-and-down hopes for speakership down again

Post Knesset Correspondent

Alignment Knesset Member Shlomo Hillel's hopes of getting the speakership of the Knesset were again clouded yesterday, in the wake of rumours that the leaders of his own Labour Party might be making a deal behind his back.

Hillel was unanimously nominated for the post by Labour earlier in the week.

Interim Knesset Speaker Abba Eban announced yesterday that next week's plenum agenda included the election of the permanent Speaker. However, circles close to Hillel are concerned at rumours that the election might be postponed.

Likud sources said yesterday that

the Speaker's job should be assigned as part of the comprehensive coalition deal between the factions. These sources said the Likud would probably propose Haim Corfu, present transport minister.

If the job of Speaker becomes available for inter-party deals, a National Religious Party candidate may also be put forward. The names of Interior Minister Yosef Burg and of MK Avner Sciaky are both being mentioned.

Since both the Likud and the Alignment refuse to let the NRP have two cabinet seats, additional jobs like the speakership may well be offered as compensation.

Canada's Conservatives in 211 out of 282 seats

TAWA (Reuters). — Canada's conservatives crushed the ruling Liberals to win Tuesday's general election and form the biggest major government in the country's history.

The landslide victory was a personal triumph for Brian Mulroney, who took control of the opposition Progressive Conservative Party only months ago despite never having held political office. His first official job will be that of prime minister.

Canadians, casting a resounding vote for change after 20 years of most continuous Liberal rule, gave the Conservatives 211 of the 282 seats in the British-style House of Commons.

Liberal leader John Turner, who took over as prime minister two months ago on the retirement of Pierre Trudeau, ended election day as the country's shortest-serving head of government this century.

But he gained some personal consolation by being one of only 40 Liberals to win a seat. Thirty seats went to the left-leaning New Democratic Party and one to an independent.

Mulroney, speaking to cheering



Brian Mulroney

supporters in a hockey arena in his hometown of Baie-Comeau, Quebec, hailed "a brand new day for this wonderful Canada."

He pledged to make job creation his priority in a country where one person in nine is unemployed and urged foreign investors to show renewed confidence in Canada. (See profile Page 4.)

18 die of food poisoning in England

WAKEFIELD, England (Reuters).

Eighteen persons have died in a mysterious food poisoning outbreak at a psychiatric clinic in this west Yorkshire town, health officials said yesterday.

A spokesman for the Wakefield Health Authority said the infection, with salmonella-type symptoms, had affected more than 300 patients and several dozen members of staff at the Stanley Royd Hospital since it broke

out 10 days ago.

"A total of 18 patients have died and all deaths have been reported to the coroner as a matter of routine," he said, adding that 46 persons were still showing food poisoning-type symptoms.

Inquests have begun on the mainly elderly victims, but were adjourned yesterday pending further investigation after several more deaths last night.

Porat: IBA needs \$7m., may go commercial

By GREER FAY CASHMAN
Jerusalem Post Reporter

It will cost at least \$7 million to modernize television and radio buildings and equipment, Israel Broadcasting Authority director-general Uri Porat told the IBA board of directors yesterday.

Porat added that if the government is unable to raise the money through grants and loans, Israel TV will have to go commercial and sell air time.

Reporting to the weekly meeting of the board, Porat estimated that the bill for replacing obsolete recording equipment will be around \$2 million. He said that there are 30 machines that continue to function

only thanks to the skills of technicians, whose innovative talents are constantly tested in keeping equipment in working order.

Eight inside and two outside radio stations are in urgent need of renovation, said Porat, adding that external transmission equipment has to be updated. Kol Yisrael's development budget of \$40,000 covers only 2 per cent of its immediate needs.

Porat disclosed that even larger outlays are needed for television improvements. New equipment alone, he said, will require a \$3 million budget, adding that mindful, however, of the government's dwindling finances, the IBA has ap-

plied for only \$650,000. A plan approved three years ago for the construction of a large, modern television studio at Jerusalem's Binyanei Ha'uma was not implemented, because there was no one to underwrite the \$3 million price tag.

In the discussion on the proposed suspension of Saturday soccer coverage by radio and television, resulting from the heavy increase in fees for broadcasting rights demanded by the Israel Football Association, IBA chairman Micha Yonin expressed amazement at the fact that the IBA has to make any kind of payment. The situation should be reversed, he said. The IFA should pay the IBA for helping to popularize the sport, the teams and the players.



How to make sure you place your classified advertisement in time for tomorrow's Haluach Hehadash: Just take your ad to any advertising agency, or to an office of Ma'ariv or Ha'aretz (or call 03-439380) and it will run in Hebrew in those papers. Hand it in early enough to make sure it reaches the office of Haluach Hehadash before 4 p.m. and your ad will also appear in English in the Jerusalem Post. Beat that deadline!

The weather at major Swissair destinations

	5.9.84	MIN.	C	F	MAX.	
AMSTERDAM	17	13	28	82	21	Cloudy
BRUSSELS	15	11	25	77	19	Cloudy
BRUXELLES	15	11	25	77	19	Cloudy
CHICAGO	15	11	25	77	19	Cloudy
COPENHAGEN	15	11	25	77	19	Cloudy
FRANKFURT	15	11	25	77	19	Cloudy
GENEVA	15	11	25	77	19	Cloudy
GRANVILLE	15	11	25	77	19	Cloudy
HELSINKI	15	11	25	77	19	Cloudy
JORDANESBURG	15	11	25	77	19	Cloudy
LEON	15	11	25	77	19	Cloudy
LONDON	15	11	25	77	19	Cloudy
MADRID	15	11	25	77	19	Cloudy
MONTREAL	15	11	25	77	19	Cloudy
NEW YORK	15	11	25	77	19	Cloudy
OSLO	15	11	25	77	19	Cloudy
PARIS	15	11	25	77	19	Cloudy
SAO PAULO	15	11	25	77	19	Cloudy
STOCKHOLM	15	11	25	77	19	Cloudy
TOKYO	15	11	25	77	19	Cloudy
VIENNA	15	11	25	77	19	Cloudy
ZURICH	15	11	25	77	19	Cloudy

*For the latest weather conditions contact Swissair.

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THE WEATHER

	Forecast: Partly cloudy to fair	Yesterday's	Today's	High/Low	High/Low
Jerusalem	49	16-29	30	42	17-31
Golan	42	17-31	32	35	18-29
Nahariya	35	18-29	30	65	25-28
Safed	35	18-29	30	63	21-35
Tiberias	35	18-29	30	65	25-28
Nazareth	35	18-29	30	65	25-28
Atula	35	18-29	30	65	25-28
Shoshon	35	18-29	30	65	25-28
Tel Aviv	61	23-29	29	59	22-30
B-G Airport	59	22-30	31	58	22-28
Jericho	50	23-27	27	48	22-28
Gaza	58	22-28	28	45	24-32
Beersheba	45	24-32	32	30	24-37
Eilat	30	24-37	37		

SOCIAL & PERSONAL

Tel Aviv Mayor Shlomo Lahat will address the Rotary Club at the Tel Aviv Hilton at 1:15 p.m. today.

W. German president invites Jews to visit

Jerusalem Post Correspondent BONN. — German Federal Republic President Richard von Weizsäcker yesterday called on Jews over the world to visit "the new Germany." He was speaking at his reception for an American Jewish Committee delegation. Headed by AJC national vice-president Howard Gilbert, the delegation has been touring Germany for four days.

Deferre due in Haifa next week for visit

Jerusalem Post Reporter HAIFA. — French Minister of State Gaston Deferre is to visit here as a guest of Mayor Arye Gurel next Thursday, the municipal spokesman announced yesterday.

Deferre, also mayor of Marseilles — which has a twinning agreement with Haifa — will be in Israel for three days. After visiting Haifa on the first day, he intends to travel to Eilat and the Dead Sea and then to Jerusalem to meet President Chaim Herzog and leaders of the Labour Party. This will be Deferre's third official visit to Israel in the past six years, the municipal spokesman said.

LEVY BOOSTS

(Continued from Page One)
demand for a full 50-month term for Yitzhak Rabin as defence minister. Levy refused to predict how long the "50-month" government would last. "True, it's not a Catholic marriage. Nevertheless, I wouldn't go as far as Shimon Peres and fear it will become a national paralysis government," he quipped.

Levy is "absolutely sure" that Ariel Sharon will be given "an appropriate portfolio." As for himself, he would not mind continuing in the post of minister of housing and construction.

As examples of how the Likud wishes to counter-balance Alignment-controlled portfolios in the new government, Levy said: "If they get agriculture, we should get industry and trade. If they get education and culture, we should get labour and social affairs. If they get some other economic portfolio, we should get transport."

'Crackers blackmail' leads to shop owner's arrest

RISHON LEZION (Itim). — The owner of a local minimarket was arrested yesterday after the husband of one of his customers complained to police that the man had tried to blackmail his wife because of a package of crackers.

According to the woman, aged 30, several weeks ago the minimarket owner accused her of trying to steal the crackers. After checking the cash register receipt, she paid for them, but the owner then threatened that unless she signed a note admitting to theft, he would call the police.

The woman says she signed, but several days later he met her in the street and said: "If you don't pay me 154 million for the note, your husband will get it." After she begged him to relent, he lowered his price to 152m., and then to 1540,000 to be paid in five weekly instalments.

HOME NEWS

Angry settlers threaten strike action

Jerusalem Post Reporter Angry Jewish residents of Judea, Samaria and the Gaza District who fear for the future of existing new settlements in the face of stringent budget cuts are threatening strike action in their fight for more money.

This was the immediate reaction in their ranks after repeated attempts to get more funds released had failed.

Their representatives were in the Knesset last night lobbying for a last-minute reprieve from the cuts they face as part of the agreement between Labour and the Likud to form a national unity government.

But some of them were already speaking of reverting to the old Gush Emunim tactics of establishing settlements by subterfuge and even contrary to government decisions.

Finance Minister Yigal Cohen-Orgad on Tuesday rejected a request from their representatives for more funds. This would have allowed the continued development of some of the recently established settlements, which it is now feared are likely to wither without aid.

It was also hoped to secure enough money to establish at least some of the 27 settlements planned by the outgoing government but now frozen by the agreement between Labour and the Likud.

Despite their unsuccessful three-hour meeting with Cohen-Orgad, the settlers went on to lobby Prime Minister Yitzhak Shamir. But in meetings between Shamir and Labour leader Shimon Peres yesterday, their demands were apparently not raised.

Arens tells High Court Zorea findings are secret

By DAVID MANDEL
Jerusalem Post Reporter

All findings of the Zorea commission on the deaths of the two Gaza District men who hijacked a bus near Ashkelon last April and were apparently beaten to death are classified for security reasons, Defence Minister Moshe Arens has determined. He was responding yesterday to a petition submitted to the High Court of Justice by relatives of the dead men.

The relatives asked the court to order the defence minister to explain why they could not see the detailed findings of the commission, appointed after press reports and photographs indicated that the men were taken off the bus alive, contrary to the Israel Defence Forces spokesman's initial announcement.

The petitioners also asked why no one has been charged with killing the men.

The court had virtually no choice but to accept Arens's ruling on the

Zorea report's classified status, since the law gives him near-total discretion on such matters.

On the second issue, Renato Jarach, representing the state, said that the police are still examining the evidence. Faced, therefore, with a likely discharge of the application, the families' lawyer Felicia Langer withdrew it, reserving the right to renew the case if no one is eventually brought to trial.

Also heard was a petition by relatives of the third hijacker, who was killed during the storming of the bus. They demanded to know whether his body was mutilated after the fact, and if so, how.

In response, Jarach noted that a pathologist's report did not mention mutilation. But Langer pointed out that the report was inconclusive since it concerned only the cause of death — bullet wounds.

She asked — and the court agreed — that the pathologist who examined the body be ordered to tell the court whether the body was mutilated.

Motorcyclist dies after head-on crash

REHOVOT (Itim). — Elihu Mamiya, 17, of Rishon LeZion died last night of injuries suffered when the motorcycle he was driving collided head-on with an Israeli Defence Forces command car at the IDF base at Tzrifin on Tuesday.

The vehicles collided on sharp curve. Mamiya was taken to the nearby Assaf Harofeh Hospital, where his injuries were first thought to be light. However, his condition worsened during the night and he died before morning.

Another 17-year-old boy was in-

jured in a car accident on Tuesday night. The police say the boy, employed as a watchman at the Vulcan battery factory near Tefen in Galilee, stole a car from his place of work and apparently lost control and drove off the road near Tefen. The car overturned and caught fire.

Yesterday at dawn traffic policemen found the boy lying injured beside the road, with the stolen car a burned-out wreck nearby. The boy was taken to Nahariya Government Hospital.

LIKUD RATIO

(Continued from Page One)
the danger that the NRP vote (or votes) in the cabinet will go with the Likud, by an agreement with the Likud whereby all major issues of settlement and the peace process would be referred to the proposed inner cabinet, from which it wishes to exclude the NRP.

Shas was pressing yesterday for the religious affairs portfolio. Its ranking MK and the man apparently hoping to get the post, Rabbi Yitzhak Peretz, reasoned that the religious portfolio is suited to Shas's character. The party is too inexperienced, he maintained, to hold other ministries — while the NRP, a veteran political movement, had proved itself in other ministries.

"Could one of us be minister of police, for instance?" Peretz asked. This consideration of relative inexperience is not daunting Shas, however, from seeking two deputy ministries, or at least one, in a "secular" ministry.

In talks with Shas yesterday, the Likud countered its demand for religious affairs by arguing that Shas was promised this portfolio only in the context of a narrow government, not in a national unity coalition, where it would give the NRP the first choice.

Agadat Yisrael yesterday signed its bilateral agreement with the Likud, giving it the same clauses in the coalition agreement that it got in 1981 concerning the status quo on religious affairs, the amendment to the Law of Return, and the Archaeology Law.

Aguda MK Menahem Porush will be deputy minister of social affairs

with full powers and MK Avraham Shapir will be chairman of the Knesset Finance Committee.

The two-man Morasha faction was still pondering the role of opposition yesterday afternoon, but could not make up its mind.

Tehiya leader Science Minister Yuval Ne'eman phoned a statement from Melbourne, Australia, in reaction to the agreement shaping up between the Likud and the Alignment.

The big loser in the coalition stakes seems to be Tami's Aharon Abuhatzira. He put such a high price on his joining a narrow coalition with the Likud or the Alignment that he priced himself out of the market, and now no party will look at Tami. In his contacts with the Likud he demanded one cabinet seat, plus three guaranteed places in the next Likud election list, plus two director-general posts now held by Tami men.

Michal Yudelman adds: Tami leader Aharon Abuhatzira met last night with Prime Minister Yitzhak Shamir and the Likud leadership in a last ditch effort to secure a piece of the government cake.

Tami's secretariat is due to meet today to ratify the agreement between Tami and the Likud, if such an agreement is reached, or to decide on Tami's political future if no agreement is reached.

Tami will join the opposition if it cannot finalize the agreement negotiated with the Likud for the past two weeks, a senior Tami source said yesterday.

Weinstein want more pay rises for MKs

Jerusalem Post Reporter

Most of the Knesset Finance Committee members were angry after MK Ariel Weinstein proposed improving the pay conditions of deputy ministers, ministries' directors-general, judges and Knesset members.

Weinstein complained on Tuesday that their wages are eroded by inflation and proposed to adjust them every three months, instead of every six months. According to present arrangements, MKs receive three and one-half times the average wage in the economy and every half year their salaries are adjusted according to the average wage.

One of the committee members called Weinstein's move "insensitive."

"We are going to get a pay increase of 50 per cent in October but he wants more in January, and all this at a time when there is an economic crisis," the MK said.

The committee will have to decide whether to debate Weinstein's proposal or to accept the motion by MK Mordechai Bar-On (Citizens Rights Movement) to drop the issue altogether.

Father held for indecent acts on 2 daughters

BEERSHEBA (Itim). — A Beersheba man, aged 59, was ordered detained for 15 days yesterday after his wife complained to police that he had committed indecent acts on his two daughters. Beersheba Magistrates Court Judge Zvi Segal also ordered that the man be given a psychiatric examination during his detention.

REMISSION. — King Hassan of Morocco has granted remission to 219 prisoners in a traditional measure of clemency to mark today's Muslim feast of Id Al-Adha, the Moroccan news agency Map said yesterday.



White wolf cub is fed at the Tel Aviv University zoological centre. The cub, one of a litter of five recently born, was separated from its mother and is to be raised by humans in order to prepare it to "cooperate" in research projects. (Michal Roche-Ben Ami)

Arens inspects SLA's Nabatiya takeover

TEL AVIV (Itim). — Defence Minister Moshe Arens yesterday said he was pleased with the South Lebanon Army's deployment in the Nabatiya area. The minister visited Nabatiya yesterday and observed security arrangements in the area.

Arens also met with SLA Commander Antoine Lahad and heard from him about his forces' deployment in other areas. Lahad said he hoped the SLA army would have full control of Nabatiya soon, and that his soldiers have so far been well received by the town's residents.

Arens called the SLA takeover of

Nabatiya "another link in a chain" and said he hoped the SLA would replace the IDF in more of Lebanon.

The minister also visited the Batei Shoul border crossing, and observed new arrangements for Lebanese residents' passage there. About 1,000 people cross at the border station daily, and the IDF is doing all it can to ease their passage.

An IDF unit yesterday crossed the Awali river for a limited period. The IDF spokesman described the incursion as routine and said it was unconnected to fighting between Druse and Christian militias in the region.

Court says 'no' to 4 Umm al-Fahm residents

Jerusalem Post Staff and Itim

HAIFA. — Dozens of persons demonstrated outside the Haifa District Court yesterday as 12 Umm al-Fahm residents inside the court appealed against the decision of the Hadera Magistrates Court to extend their detention on suspicion of having attacked policemen during an illegal demonstration on the day MK Rabbi Meir Kahane tried to enter the village.

The police stopped Kahane, but not before fighting broke out between them and demonstrators. More than 20 of the latter were arrested, but only 12 are now in custody. Two of them are minors, aged 17.

Judge Eliezer Bar rejected the appeals of the two minors and two adults. The appeals of the other eight will be heard on Sunday. Bar decided.

The demonstrators outside the court, both Arabs and Jews, carried placards and chanted slogans against fascism and racism. They wanted the detainees freed. The demonstration was noisy but peaceful, and the crowd dispersed quietly when the hearing inside the court ended.

4 killed in attempt on life of Lebanese cabinet minister

BEIRUT (AP). — Education and Labour Minister Selim Hoss escaped assassination yesterday, suffering only minor wounds when a car bomb exploded as he drove by on his way to prayers for the Id al-Adha feast. Four other persons were killed and 25 wounded.

The 55-year-old former prime minister was rushed to the American University Hospital where the facial and head cuts he suffered from flying glass were bandaged and he was treated for shock, police and hospital sources said.

But his driver, two police escorts and a woman pedestrian were killed instantly.

Hoss was in his black limousine driving in the West Beirut neighbourhood of Rouche to the house of Lebanon's chief Sunni Muslim religious leader when a car rigged with 120 kilograms of explosives was detonated by remote control, the police said.

He was to pick up Grand Mufti Hassan Khaled and the chief Shi'ite Muslim religious leader, Sheikh Mohammed Mehdi Shamseddin, to take them to the dawn prayers marking the beginning of Islam's feast of Kurban Bairam, the Feast of Sacrifice.

No one claimed responsibility for the explosion.

Sharon: 'Time' refuted by Kahan report

By WALTER RUBY

Jerusalem Post Correspondent NEW YORK. — Ariel Sharon yesterday testified in his \$50 million libel suit against Time magazine that the secret appendix "B" of the Kahan Commission report does not contain allegations printed by Time in February 1983 directly linking him to the massacres at Sabra and Shatila.

In reply to a question from Stewart Gold, a lawyer for Time, Sharon stated, "Appendix B does not contain any details of my visit to the Jemayel family after the assassination of Bashir Jemayel; it doesn't say I told the Jemayels... that I was expecting Christian forces to go into the refugee camps; and it doesn't say I discussed with the Jemayels the need for the Phalangists to take revenge for the assassination of Bashir."

Sharon did, however, admit that he told the Jemayels that Israeli forces would go into West Beirut.

Asked whether he was violating Israeli secrecy laws in his discussion

of Appendix B, Sharon replied: "I felt this was so basic, that these points had to be emphasized... I believe this is something I could (legally) say."

Throughout the all-day testimony, Gold tried to get Sharon to admit that his reputation and credibility had already been badly damaged by the publication of the Kahan Commission report, so that the Time article could not be blamed for damage to his reputation. However Sharon stressed that the Kahan report had found him only indirectly responsible and could not be compared with an accusation of inciting to murder by an international magazine.

(The two sides failed to reach a compromise agreement under the mediation of Judge Abraham Sofaer. Kol Yisrael reported late last night. Both sides had prepared a draft compromise, which the other found unacceptable.)

The depositions are expected to end today and the trial is scheduled to begin on October 29.

Student assaulted for living with 'half-Arab'

TEL AVIV (Itim). — Two young men broke into the apartment of a student here yesterday, cut his face with knives and threatened to kill him if he continued to live with a flatmate whose father is an Arab, he told police.

The student is Yosef Saguy, 23. His flatmate is Julian Mor, a movie actor whose mother is Jewish.

Saguy was sent home after being treated in the hospital.

Police are investigating.

Conflict-of-interest storm in Knesset finance body

By AVI TEMKIN
Post Economic Reporter

Yesterday's Knesset Finance Committee session erupted in acrimony during the discussion of an IS10 billion aid package for exporters.

Committee Chairman Avraham Shapir (Agadat Yisrael) took the floor, and began his speech by saying, "As an exporter..." He was immediately interrupted by Mapam MK Yair Tzaban, who felt that a conflict of interest exists when an exporter acts as chairman of a committee approving funds for exporters.

A heated argument then broke out, with some committee members — Liberal MK Yitzhak Seiger for one — coming to Shapir's defence.

But Shapir, clearly upset by Tzaban's remark, eventually decided he would not vote on the issue. He said, however, that he had lists of Knesset members' "hidden partnerships and deals" that showed far graver conflicts of interest than his own.

The export package was approved, without Shapir's vote. Further argument broke out during a debate on the transfer of some IS32b. to cover previous fuel subsidies. Alignment committee members made angry remarks about "the cost of election economics."

MK Haim Ramon charged Treasury officials with being partners in something "that was morally almost criminal" by allowing these subsidies when the country could not afford them.

The committee approved the transfer of the funds.

The last exchange of the day came when La'am Likud MK Yigal Cohen tried to hasten the approval of a transfer of funds to institutions linked to Herut, among them Yekef, the Herut-run cultural club.

Ramon prevented the debate, which was not on the agenda, and then accused Cohen of trying to get money for Herut while crying publicly for budget cuts.

Alignment and allied factions to discuss joining government

By ROY ISACOWITZ
Jerusalem Post Reporter

TEL AVIV. — Beginning today, the governing bodies of the various Alignment factions, as well as those of Shinui and the Citizens Rights Movement, are to meet to decide on their participation in the national unity government.

The Labour Party political forum is to meet this afternoon for a full report on the unity agreement by chairman Shimon Peres, and the central committee is expected to be covered on Sunday. Labour sources anticipate opposition to the agreement from party doves such as Yosef Sarid and Haim Ramon, though they have little doubt that the agreement will be approved.

The Mapam forum also is to meet today, to be followed by a meeting of the Kibbutz Artzi central committee tomorrow and a Mapam central committee meeting on Sunday. The Mapam secretariat is expected to recommend that the central committee oppose the unity agreement and dissolve the Knesset partnership with Labour.

Mapam sources said that the proposal will call for the "continuation of the Alignment wherever it is lined up against the Likud," thus allowing the continuation of the partnership in the Histadrut and local authorities. Such a formula would also allow for the re-establishment of the Knesset partnership in the event of the national unity government collapsing — which Mapam sources believe is inevitable.

The central committee of the United Kibbutz Movement is to meet this afternoon to decide on its posi-

tion regarding rotation of the premiership and the policy guidelines of the unity government.

The CRM secretariat is to meet on Sunday to discuss the agreement, though there is little change that it will decide to participate in the government. Party leader MK Shulamit Aloni said last night that the only decision to make is whether the CRM will support the government in the confidence vote.

"If the government is indeed composed of all the religious parties, and if its policy guidelines are as reported, there is little chance that we will support it in the confidence motion," Aloni said.

Shinui is waiting for a formal announcement of the formation of the government before deciding on its participation. So far, the party has not been asked to participate and some Shinui sources said last night that the chances of the party's joining the government are slim.

Shinui MK Mordechai Virshupski last night described the proposed government as a "constitutional catastrophe," and said he believes that Shinui's place is in the opposition.

If Mapam, Shinui and the CRM decide against joining the government, and if Sarid decides to leave the Labour party, the Alignment will bring 41 seats — 37 Labour, three Yahad and one Omeret — into the government. That is likely to be considerably less than the seats held by the Likud and the smaller parties — Shas, Agadat Yisrael and possibly Tami — with which it has signed agreements.

LABOUR FACTIONS

(Continued from Page One)

trade and Bar-Lev as interior minister, though the NRP is expected to fight to hold on to the latter. It is possible that police will be separated from interior and given to MK Moshe Shahal.

Labour's women members announced yesterday that "it is inconceivable" that there will not be a woman in the cabinet. The women may have to be satisfied with a deputy ministership, though it is possible that either MK Ora Namir or MK Shoshana Arbeli-Almosino will receive the Absorption Ministry.

Another Labour demand that is likely to be turned down is that of the Haifa branch, the country's largest, which said yesterday that it wants a representative in the cabinet. The branch's sole Knesset member is Shevah Weiss, who is not considered a cabinet candidate.

A position will have to be found for Yahad leader Ezer Weizman, who is unlikely to be satisfied with one of the junior ministries. Labour sources speculate that he will be a minister without portfolio, with special responsibilities for the peace process and relations with Egypt.

Education Ministry hits Finance 'clerks'

By DVORA BEN SHAUL and LEA LEVAVI

Jerusalem Post Reporters The Education Ministry charges that Finance Ministry clerks have unilaterally frozen funds earmarked for education, although the ministers of education and finance have not yet agreed which funds should be frozen and which cut.

The Education Ministry spokesman, Yisrael Cohen, yesterday told The Jerusalem Post that this action is causing hardship to many pupils and their parents in disadvantaged areas where educational and social activities have been stopped

interest story
finance body

officials on week's visit here

Swaziland delegation inaugurates air service

high-level delegation of ministers and senior officials arrived yesterday from Swaziland on the inaugural flight of the first national airline operating to country, Israel's Maof charter company.

The delegation, led by Prince Mthshwa Dlamini, was met at Gurion Airport by Tourism Minister Avraham Shinar. It also included Swaziland's foreign minister, transportation minister, communications minister, and other senior officials.

During their week-long visit they are received by the president and with the prime minister, deputy minister and transportation minister. The delegation is also to

make an official visit to the Knesset and tour Christian holy sites in Jerusalem and Galilee.

Tourism Ministry director-general Rafi Farber, who flew to Swaziland on the inaugural south-bound leg of the flight on Monday and returned yesterday with the delegation, said that Swaziland's minister of industry and tourism is expected to arrive in Israel on Friday for comprehensive trade talks.

Farber said the minister is expected to discuss a draft tourism agreement and hold talks on a number of other commercial ties, including a proposed Koor cotton-processing factory. Another topic to be discussed, said Farber, is the sending of Israeli experts to help develop Swaziland's tourism infrastructure. (Iim)



Acting Knesset Speaker Abba Eban yesterday meets at the Knesset with the visiting official delegation from Swaziland. (Rahamim Israeli)

te Employment Service director says:

There are jobs, but Israelis are too choosy

By AARON SITTNER
The unemployment problem is not out of control and the refusal of job seekers to accept available jobs is a greater threat than the predicted shortage of jobs, State Employment Service director Baruch Haklai said yesterday.

In a three-month freeze on government hiring, which is constantly being re-evaluated, according to Haklai, "struck a mighty blow to Israeli over-employment," a condition that had existed here until late in 1979.

He said, "our industries - by embarking on market research to build up sales, could have the workers displaced by government hiring measures. Meanwhile, the laid-off workers get the necessary vocational training."

His year's "big problem," Haklai said, will be the hiring freeze by government ministries and local authorities. About 25,000 new workers will join the civilian labour force before year ends. Past experience shows that 40 per cent of people entering the labour force head for government or public-sector employment. He said, "That's our big problem this year."

At a more basic problem, he continued, is the continuing challenge of convincing people to take jobs even if these are of a type unrelated to their previous work.

He said Jewish job seekers are unwilling to

work in citrus packing plants, agriculture and construction, and the economy is fortunate to have the services of approximately 80,000 Arabs who cross over from the administered areas daily, to fill these jobs.

"This country would be much better off if it could reduce its dependence on Arab workers," Haklai said. "But the only way this can come about is if young Israeli Jews took some of these jobs. But this is not happening - not even for the 5 per cent of the workers from the administered areas who for a variety of reasons drop out of the ranks each month. Their places are subsequently filled by other Arab workers from the areas."

Haklai felt that the Knesset should re-examine official policy on unemployment insurance "since the allowances may be so attractive as to make passive job searching more worthwhile than working."

At present, a dismissed worker receives a monthly allowance equal to 65 per cent of the average wages he was paid in the last three months before being laid off. A demobilized soldier receiving unemployment insurance is paid each month a sum equal to 40 per cent of the average national wage (currently, IS160,000).

All told, about 10,000 persons are receiving unemployment insurance, which is payable for 175 days. After that period - if a job seeker has

still not been placed - he may apply for financial assistance under the income-protection provisions of the National Insurance Institute.

Haklai confirmed that unemployment - even if not yet critical on a nationwide basis - is certainly acute in development areas. While these areas supply only 13 per cent of the civilian labour force, they account for 43 per cent of the unemployed and 34 per cent of the job-seekers' lists.

Despite his optimism concerning industry's ability to create new jobs through expansion, Haklai gave the following pessimistic figures:

The number of notices of planned dismissals rose from an average of 350 per month before October 1983 to 1,206 in January 1984.

As for the number of persons out of work for six or more days out of a month, the trend was as follows: November 1983 - 9,000; December, 1983 - 10,700; January, 1984 - 13,500 and February, 1984 - 15,500.

Immigrants from Eilat that between 800 and 1,000 foreigners from Nigeria, Ghana, Kenya and even Ethiopia and India are illegally employed in the city, mostly in hotels and restaurants in jobs regarded as menial. Of 350 resident job seekers who look for work daily, none are willing to take those jobs, according to a recent survey conducted by the director of the local employment bureau, Motti Herman.

But only if they're 'responsible'

Burg pledges to aid local gov'ts

By ARYEH RUBINSTEIN
Jerusalem Post Reporter
Interior Minister Yosef Burg said yesterday that the financial difficulties of the local authorities stem from the country's economic situation in general.

But he promised that the government will see to it that authorities that act "with responsibility" are able to meet their obligations to the public even in this difficult hour.

Burg was replying to motions for the agenda presented by Shoshana Arbeli-Almosino (Alignment-Labour), Mordechai Virshupsky (Shinui), and Ran Cohen (Citizens Rights Movement).

The motions were referred to the still non-existent Interior Committee.

Burg said that in the last few years both the state and municipal budgets, in addition to deliberate cuts, suffered because expenditure was not fully adjusted to inflation.

Recent talks between the Finance Ministry and the Union of Local Authorities have led to an understanding that the funds for "hard" budget items such as wages, repayment of loans, and wage-intensive operations will be released monthly, and in the full amount, Burg said.

Ordinary budget items will be funded in accordance with the practice of government ministries, he said.

Burg said that with respect to this month, the Treasury has agreed to release close to IS11 billion to the

local authorities at the beginning of the month, and that this will go a long way in reducing the amount withheld by the Treasury.

Shevah Weiss (Alignment-Labour) moved that the motions be struck from the agenda. Motions on the plight of the local authorities had become a ritual in the Knesset, he said. But a large part of the problem was the reluctance to touch the sacred cow of "autonomy."

Objectively, Weiss said, there is no justification for Nes Ziona, Rishon LeZion, and Rehovot to be separate authorities instead of uniting in a larger body. And there are dozens of such examples, Weiss said.

But having made his speech, and apparently reluctant to offend the sponsors of the motions more than necessary, he then asked the Speaker not to put his own motion to a vote. And he voted to refer the subject to committee.

Perah project to continue
Deputy Education Minister

Miriam Glazer-Ta'asa told the Knesset yesterday that the Perah and Tehila projects will continue, and that rumours of their impending closure are unfounded.

She was replying to motions for the agenda by Ora Namir (Alignment-Labour) and Matityahu Peled (Progressive List for Peace). The motions were referred to the not-yet-elected Education Committee.

In the Perah project, university students receive stipends for helping elementary school pupils with their studies. In Tehila, illiterate adults are taught to read and write.

Glazer said that the rumours were meant to serve as "a stick with which to threaten someone."

Peled: "Who did it?"
Glazer: "It's difficult for me to give all the details. They aren't pretty, but they aren't true - and that's the main thing. Perah and Tehila will continue to flourish, and no one will touch them."

'Norwegian Law' bill back after 10 years

Post Knesset Correspondent
Labour Knesset Member Michael Harish has retabled a bill he tabled just 10 years ago that would require cabinet ministers to resign their Knesset seats to make way for the next candidate on their parties' lists.

The measure he proposes, dubbed "The Norwegian Law" because

something comparable exists in Norway's parliament, the Storting, would enable the minister to get his seat back if he resigned or if the whole government resigned.

Harish explains that without his measure, so many MKs would be busy at their cabinet duties that the Knesset would not be able to function properly.

Face-saving scheme ends Vulcan dispute

By YA'ACOV FRIEDLER
Jerusalem Post Reporter

HAIFA - A face-saving, breathing-space compromise in the Vulcan Foundry dismissals dispute was hammered out by the Histadrut and the plant's new owners, the Ourdan company, on Tuesday night.

The company agreed to withdraw its request for an injunction preventing the 65 dismissed workers from entering the factory. The hearing was to have been held today.

The men were allowed to come to the factory, but without being promised that they would be paid.

The Labour Council is to start intense negotiations with Ourdan on the "employment situation." The company maintains that 110 of the 380 workers are redundant.

Last Friday, violence broke out when guards hired by Ourdan stopped the men from entering.

The affair has caused considerable embarrassment to the Histadrut, because its own Koor company, which owned the foundry and had consistently operated it with large losses, sold an 80 per cent share to Ourdan, which wants to revive the plant, starting with efficiency dismissals of nearly a third of the staff.

Aliya activist held by KGB on drug charge

Jerusalem Post Staff
TEL AVIV - KGB officials on Tuesday morning arrested aliyah activist Yuli Edelstein, charging him with illegal possession of drugs, a spokesman for the Public Council for Soviet Jewry reported here yesterday.

The spokesman said that the arrest was made after laboratory analysis of material allegedly found during a previous search of Edelstein's apartment determined that it was a dangerous drug.

Edelstein's wife, Tatiana, in a complaint to the chief prosecutor of the USSR immediately after the arrest, said it was plain that the drug had been planted by the KGB.

The council spokesman here said that the arrest was part of a Soviet crackdown on aliyah activists.

Olim civil servants will not be fired

By JUDY SIEGEL
Jerusalem Post Reporter

Recent settlers who are civil servants will not be affected by the public sector manpower freeze, following a decision on Tuesday by senior government officials.

The decision was taken at a meeting of the appeals committee of the Civil Service Commission, at which Absorption Ministry acting director-general Ephraim Cohen and representatives of the Finance Ministry were present.

Cohen expressed his concern that many olim hired in recent years by government and other public agencies will find themselves unemployed unless a decision is taken to protect their jobs.

As a result of his appeal, it was decided that olim who are already working in the public sector and whose jobs are funded by the ministry's fund for employment advancement - and who started work before last August 1 - will continue to be employed by the government.

Voluntary groups give help to deaf children

TEL AVIV - About 3,000 children of pre-school and school age who are deaf or hard of hearing will receive services this year from Micha and Shema, two voluntary associations that help deaf youngsters in their education and social adjustment.

Micha will provide about 350 pre-school children with private instruction in speech, use of their residual hearing and other vital communication skills.

Shema provides speech, equipment and hearing services and other after-school tutoring to school-age children.

The price of a hearing aid is now \$400 for each ear, which is a burden for many families. Micha and Shema are seeking donations to help families defray the cost of hearing aids.

President buys tickets in MDA lottery

President Chaim Herzog yesterday kicked off the annual Magen David Adom lottery by buying 200 tickets. They are to be distributed to wounded soldiers.

Addressing MDA officials and volunteers, Herzog praised the organization for its life-saving activities.

New regulations in government hospitals

Jerusalem Post Reporter

Patients entering government hospitals will not be admitted for hospitalization, surgery or catheterization procedures unless they sign a blanket release for any procedures deemed necessary by the attending physicians. A directive to this effect has just been issued by Health Ministry Director-General Baruch Modan.

In the case of minors or of adults not competent to sign, the signature of a legal guardian will be required.

In the case of persons who are comatose or otherwise unable to sign, treatment will be contingent on receiving the signatures of three physicians for each procedure.

SCUBA - The Federation for Underwater Activities in Israel is to hold a three-day international scuba-divers conference in Eilat next month, featuring competitions in underwater photography, swimming and navigation and including organized dives along the Sinai coast.

Tribute to Palmah dead as trio win Sadeh prize

TEL AVIV - Former Volcani Institute botanist Dr. Yosef Shub is one of three winners of the Yitzhak Sadeh prize, awarded in memory of the former commanding officer of the Palmah.

He received his award at a ceremony yesterday at the Tel Aviv museum after naming the 22 new species of gerbers (Transvaal daisies) in honour of 22 Palmah women soldiers, including Bracha Fuld, Hanna Szenes, Haviva Reich and Zohara Levitov, who fell in the War of Independence.

The two other award winners were: Uri Brenner, for his book, *Emergence of an Independent Jewish Army*, and Aluf (res.) Avraham "Brenn" Adan, the author of *To the Ink Flag*, which tells the story of the Palmah.

Jail sentence, fine for drunken driver

REHOVOT (Iim) - A driver convicted of hitting a civil-guard vehicle while drunk was sentenced by a court here yesterday to two months in jail.

The man, Wilak Fischel, 33, of Yavne, also had his licence suspended for five years and was fined IS100,000.

TIES - Three in four Britons want their country to resume diplomatic relations with Argentina, severed over the 1982 Falklands war, according to a Gallup Poll yesterday.

Kahan urges broader use sources in Jewish law

By DAVID MANDEL
Jerusalem Post Reporter

Retired supreme court president Yitzhak Kahan, has called for a change in the law to enable much wider use of Jewish law sources in interpreting legislation and judicial decisions.

Kahan called for amendment of 1980 Foundations of Justice, which states that when no answer to a question of judicial interpretation can be found in Israeli law, a judge should rule according to "the principles of justice, equity and peace in the light of the interpretation of the law." A compromise between those favoured explicit reference to Jewish law and secularists who used it, has been open to much controversy.

Each side to the argument has tried to read its own answer as to the

legislative intent, with secularists also maintaining that even if the reference were to Jewish law, solutions to almost all questions can and should be found through analogy from other cases.

Speaking to a seminar for jurists on Jewish law at Nir Etzion, Kahan said the present wording should be altered to include explicit reference to Jewish law as the source to be used in cases of *lacunae*, if possible. The use of analogy should be struck from the law, he added.

A further benefit of such a change would be the strengthening of instruction on the subject of Jewish law in law schools, said Kahan. Today, students at the Hebrew University faculty are required to study Jewish law courses for two of their four years - 12 per cent of the compulsory curriculum - and many electives are offered in the field.

The seminar was one of a series sponsored by the Justice Ministry.

Harnoi's father convinced him not to turn himself in

TEL AVIV (Iim) - The father of the accused and a ballistics expert yesterday testified for the defence in the murder trial of Yosef Harnoi, charged with shooting to death Alisha Bahsh, 11, last December in Nabulus.

Avraham Harnoi, a private investigator who served for 16 years as a police officer, told the Tel Aviv District Court how he dissuaded his son from giving himself up. He testified that on December 25 - 17 days after the murder and four days before Yosef Harnoi was arrested - he discussed the crime with him for the first time.

The father said he was shocked when his son told him he was involved in the crime. "I told my son, Yossi: 'I command you not to turn yourself in, and if they arrest you - exercise your right to keep silent. I know how they get confessions in the police; it'll never be what the suspect gives in his testimony.'"

Avraham Harnoi further testified that he again dissuaded his son from coming forward, when a short while afterward two residents of Eilat Moreh arrived with a request from the attorney of Ephraim Segal - charged as an accessory - that Yosef turn himself in. "I told them I know very well who our police are," Avraham Harnoi testified. "I know them from the inside. The police will do everything it can to dump on my son, in order to prove he's guilty."

In order to guarantee his son fair treatment at a police identity parade, Harnoi testified, he made special

arrangements "so that the officers would not make fabrications." The arrangements: Harnoi gathered four of his nephews and two other sons - all of approximately the same age and build - of their cousin and brother, Yosef.

"But when I asked to trim their beards... so they'd be the same length as my son Yosef's, the police told me that that was why they cancelled the identity parade," said the elder Harnoi.

At the beginning of yesterday's hearing the defence called ballistics expert, Nehemiah Sirkis, a former national target-shooting champion. Sirkis testified that bullets fired from Yosef Harnoi's weapon, an Uzi sub-machine gun, would have passed through the victim's body if they were fired from the three-metre range alleged by the prosecution.

Because the Uzi bullet that killed Alisha Bahsh remained in her body, Sirkis said, this means it was not fired inside the Nabulus bakery where she died. Prosecutor Nurit Shavit argued in cross-examination that even high velocity bullets, such as those fired by the M-16, have been known to remain inside a victim's body. The trial was adjourned until next week.

PRIZE - The management of the Zalman Shazar Centre in Jerusalem, headed by Justice Haim Cohn, has decided to award an annual prize, starting this year, for research on the history of the Jewish people.

Recordings of unborn babies now available

By DAVID RUDGE
Jerusalem Post Reporter

IFA - Expectant mothers will be able to get a video recording of their unborn child as part of a new service being offered by a private clinic.

The service will be made available a few days by the Diagnostic Medical Imaging Centre (MAR), housed in the private Elisha hospital on Mount Carmel.

A video camera/recorder will be

connected to an ultra-sound scanner and will record the fetus's movements and features.

Yosef Haimberg, managing director of MAR, said they have taken still pictures of fetuses of between 22 and 24 weeks old and "they have been beautiful."

Haimberg said that in addition to the regular fee for an ultra-sound examination, patients will have to pay a small charge for the video recording, and provide the blank cassette.

Women's council hopes to get gov't funding

Jerusalem Post Reporter

He hopes that it will eventually be needed by the government was expressed this week at the inaugural meeting of the National Council for Advancement of the Status of Women in Jerusalem.

Hebrew University law professor Haim Lapidot, who heads the council, declared that "I did not want to start off by demanding a budget or I'd taken the position. With me I am sure we will be funded by government."

Although set up by the prime

minister, the council has no budget, no secretary and no office. All of the 70 or more members of the body are working on a voluntary basis, and office supplies are provided by the offices of Minister without Portfolio Sara Doron and the government's Adviser on Women Affairs Ethia Simha.

Establishment of the council was one of the recommendations of the *ad hoc* committee on the status of women headed by Knesset member Ora Namir.

The council is comprised of the

leaders of women's organizations and various other women who have reached prominent positions in their professions. Members include Naomi Shemer, actress Orna Porat, ambassador to Norway Yehudit Huebner, Tamar Eshel, and many university professors.

"It is hoped that because there are so many influential women participating, the council will have a real impact on the status of women in Israel," Lapidot told *The Jerusalem Post*. She said the purpose of the council is to advise the government

regarding women and to lobby the government to improve the condition of women socially, economically and in matters of family and health.

The women expressed feelings of optimism combined with a sense of urgency that after 35 years of talking, it was time to take concrete action on behalf of women.

The council intends to use the report of the Namir Committee as a base from which to begin its activities. Prime Minister Yitzhak Shamir and Doron attended the meeting.

By YA'ACOV FRIEDLER
Jerusalem Post Reporter

HAIFA - The Italian Navy submarine-rescue ship Anteo is due to arrive here tomorrow to try to salvage the submarine Scire, which was sunk in Haifa Bay in 1942.

The Italian Military, Naval and Air Attache, Colonel Gianni Di Laria, told *The Jerusalem Post* that the Anteo, which has a crew of about 30, will stay for three weeks. The crew will check the state of the wreck and then decide on the possibilities of raising it or recovering remains of the 38 men who went down with it or burial in Italy.

The 620-ton Scire comprised perhaps the most distinguished fighting unit in the Italian armed forces during World War II. It sailed with the Tenth Light Flotilla, a naval commando unit, carrying "human torpedo" teams. The teams

Italian Navy will try to salvage sub sunk in Haifa Bay in WWII

specialized in underwater approaches to British Navy ships anchored in the Mediterranean, attaching the warhead of a torpedo to their sides under cover of darkness.

The Scire, then commanded by Lt. Commander Prince J. Valerio Borghese, scored its greatest success shortly before Christmas 1941, when it entered Alexandria harbour in Egypt, where the main British fleet was moored.

During the night of December 18, it launched three of its two-man human torpedo teams, and they sank

two battleships - the Queen Elizabeth and the Valiant, the last British navy had in the Mediterranean, as well as destroyer Jervis and an oil tanker, the Sagona.

The exploits of the six men were later evaluated as "legendary" and the men as having displayed "daring of unequalled nerve," giving Italy "clear naval superiority in the east-central Mediterranean."

After the attack, Borghese, an unrepentant Fascist who was elected to parliament after the war, was appointed chief of the flotilla and the

Scire was taken over by Lt. Bruno Zelic. In August 1942, it was ordered to launch another guided torpedo attack on the British fleet which had now moved to Haifa, as the German-Italian armies were advancing to El Alamein.

As it approached Haifa port, it was damaged by a depth charge launched from a British trawler, Islay, which forced it to surface. It was then immediately sunk by shore batteries, manned partially by Jewish "Palestinians" serving with the British Army. All the crew of 50 and the 10 human torpedo men went

down with it. Two crewmen's bodies were washed ashore and were buried in the Haifa military cemetery.

The story of the Scire and its sinking was first reported in these columns more than 20 years ago and retold here two years ago, on the 40th anniversary of its sinking. In January 1964, a visiting Italian Navy ship, the Vesuvio, cast a wreath on the sea at the site of the sinking.

An Israel Navy officer who accompanied it also cast a wreath for the navy, whose men had studied and emulated the Tenth Light Flotilla's fighting philosophy of daring surprise attacks against overwhelming enemy forces.

About 20 years ago, an Italian underwater-works contractor who was working in Haifa made an unsuccessful attempt to raise the submarine.

Jewish Medical Law

Avraham Steinberg M.D.

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Bombs, school boycotts mark S. African unrest

JOHANNESBURG (AP). — A bomb exploded in front of a courthouse in downtown Johannesburg at mid-morning yesterday and the authorities said 145,000 black students were out of school because of boycotts and rioting in black townships across the country.

A policeman spotted the bomb on the seventh floor of the provincial Rand Supreme Court building and rushed it outside onto the lawn, where it was detonated. There were no injuries but windows were shattered in surrounding buildings by the blast, the second of the day.

The court tries many cases brought by the white-led government against those accused of trying to overthrow the apartheid system. The bomb was believed to be a Limpet mine, a hand-carried, timed explosive often used by anti-government terrorists.

Another explosion at an electricity sub-station near the northern town of Rustenburg cut power supplies to platinum mines and the city. A spokesman for the Electricity Supply Commission said sabotage was suspected.

Meanwhile, continued unrest after rioting that killed 29 blacks and

left up to 300 wounded in three black townships south of Johannesburg Monday kept 93,000 black students out of school in the area.

Twenty-five thousand primary school students were sent home in the black township of Tembisa, east of Johannesburg, when trouble flared there yesterday morning.

Youths in Tembisa stoned a primary school, a beer hall and a police vehicle and set alight a delivery truck. The crowds dispersed without incident when the police arrived.

The police denied earlier reports that they had used rubber bullets in the riot-torn township.

Arsonists set a bank complex and a workers' hostel ablaze in Sebokeng township, and plundered a clinic and community hall.

At about the time of the Johannesburg blast, former prime minister P.W. Botha was elected South Africa's new state president as part of the government's new constitution giving minority Asians and persons of mixed race — but not the majority blacks — a say in national government. Botha was elected unanimously by an electoral college of whites, Asians and coloureds in Cape Town, the legislative capital.

Rivals for the White House set campaign battle themes

WASHINGTON (Reuters). — President Ronald Reagan and Walter Mondale have begun a long-distance debate on arms control, religion and tax policy as they criss-cross the U.S. seeking votes in the two-month presidential campaign.

Reagan wrapped his calls for a strong military and a revival of religious fervor in a new campaign slogan — "The New Patriotism" — in Salt Lake City, Utah, on Tuesday.

Democratic nominee Mondale, trailing by more than 20 percentage points in one new opinion poll, pursued his attacks on Reagan's taxation and social policies during appearances in the president's home state, California.

They reversed roles and topics yesterday, when Reagan made a speech on economic issues in Chicago and Mondale followed him into Salt Lake City to make his own address on defence issues.

They were working their way from the far West, where each formally opened his campaign on Monday, towards a showdown in Washington today, which will probably highlight a clash on religious issues.

In separate appearances before leaders of B'nai B'rith, Reagan is expected to clarify a statement that religion and politics are inseparable, while Mondale is to defend the traditional U.S. principle of separation between church and state.

Shuttle lands

EDWARDS AIR FORCE BASE, California (AP). — Space shuttle Discovery glided to a picture-perfect landing on a desert lakebed yesterday, returning from a 4 million km. maiden voyage that restored confidence in America's space transportation system.

Commander Hank Hartsfield and pilot Michael Coats guided the 102-ton space plane through sparkling clear skies to a touchdown soon after sunrise.

"Welcome home," mission control told the crew as the shuttle rolled to a stop on the hard-packed sand.

The sun glistened brilliantly off the craft as it completed final maneuvers and zeroed in on the landing strip.

Discovery and its crew of five men and one woman were back home after a six-day mission marked by extraordinary success despite bouts with a stubborn chunk of ice and a final-hours oxygen leak. Theirs was the 12th flight of a space shuttle, the 10th to land here.

U.S., after long delay, unveils B-1B bomber

PALMDALE, California (Reuters). — After years of delay and controversy, the first of 100 new and costly B-1B American bombers rolled off the assembly line.

It will ultimately join the Strategic Air Command (SAC) as the country's main intercontinental bomber.

The cost of the B-1 programme, killed by President Carter in 1977 but reinstated by President Reagan in 1981 in his effort to "rearm America," is \$28.3 billion.

The first B-1B is due to go into full service next year. But Democratic presidential candidate Walter Mondale has pledged to end the programme if elected, saying the costly plane is not essential to U.S. security.

HOT BRAKE. — A couple making love on the Paris-to-Venice Orient Express delayed the luxury train for 40 minutes at Innsbruck on Wednesday when the women's foot jammed the emergency brake, Austrian railway officials said yesterday.



President Konstantin Chernenko, making his first appearance in 54 days, presents the highest Soviet awards to cosmonaut Vladimir Dzhanibekov in the Kremlin yesterday. (UPI telephoto)

Chernenko appears in public after a seven-week absence

MOSCOW (Reuters). — Soviet President Konstantin Chernenko reappeared in public yesterday after an absence of more than seven weeks to present awards to three cosmonauts, the official news agency Tass reported.

It said Chernenko, 72, had honoured three crew members who took part in a mission to the space station Salyut-7 in July and had delivered a speech.

Chernenko has not made any public appearances since he was reported to have gone on holiday on July 15 and there had been growing speculation in Moscow that he was ill.

Western diplomats said yesterday his reappearance would dampen speculation about his physical condition. But they added that the recent low-key treatment of the leader in

Soviet newspapers meant that doubts about his political authority in the Kremlin would continue.

The cosmonauts honoured by the president were Vladimir Dzhanibekov, Igor Volk and Svetlana Savitskaya who carried out the first walk in space by a woman during the mission to Salyut-7. They were all given the Order of Lenin.

In the German Democratic Republic, Soviet deputy prime minister Leonid Kostandov died suddenly of a heart attack yesterday. He was visiting the Leipzig international trade fair, the official ADN news agency said.

Kostandov, 69, played a prominent role in a Warsaw Pact debate over the GDR's economic relations with Bonn this month, giving a lengthy interview to ADN warning against economic dependence on the West.

Death toll rises to 437 in Typhoon Ike in Philippines

MANILA (Reuters). — The official death toll from Typhoon Ike, which destroyed most of Surigao City in the southern Philippines at the weekend, rose yesterday by more than 100 to 437 as more bodies were recovered.

Officials said stunned residents of the devastated town of 125,000 were sleeping and cooking in the open, dependent on relief supplies flown in from Manila.

Grief-stricken residents buried the dead in mass graves on Tuesday, as Surigao Mayor Constantino Navarro said the death toll could reach 1,000 in the city alone and total more than 3,000 in Surigao del Norte province in the north of Mindanao Island.

The streets were still littered with battered telephone poles, fallen power lines and trees. Only a few houses were left standing.

Ike, at its peak gusting winds of 275 kilometres per hour, cut across the central and southern Philippines on Saturday night, hitting Surigao the hardest. It revived memories of a similar disaster 20 years ago when typhoon Lois killed 700 persons.

More supplies were flown to stricken areas yesterday and one official said relief operations had moved into high gear.

3 Spaniards killed in guerrilla violence

MADRID (Reuters). — Suspected left-wing guerrillas shot dead two Spanish businessmen and badly wounded a radio engineer in three separate attacks in Spain yesterday, the police said.

One of the gunmen, believed by

the police to be members of the urban guerrilla group Grapo (October First Anti-Fascist Resistance Groups), was later killed after a battle with the police. Another suspected guerrilla was seriously injured.

After the setback, Mulroney accepted the job of president of the Iron Ore Company of Canada, which he held until his next chance at the Conservative leadership in 1983.

This time he won, mostly on his pledge to make Tory inroads in the Liberal fortress of Quebec. He defeated Clark on the fourth ballot of a hard-fought convention.

Mulroney met his wife, Yugoslav immigrant Mila Pivnicki, at a Montreal country club when she was 19. She is now 31. They have three children.

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Priest and boy killed in Santiago protests

SANTIAGO (AP). — Trunkers kept their rigs off the roads but most Chileans ignored a call by foes of military rule to stay home yesterday after a French priest and two other slum-dwellers died in anti-government demonstrations.

More than 50 persons were wounded and 280 arrested by riot policemen on Tuesday in the most widespread protests here in six months.

School attendance remained below normal but buses were running after a slow start. Most shops were open in downtown Santiago.

The biggest impact of the second day of the scheduled two-day protest was a total work stoppage by truckers. Their protest is more economic than political.

The Rev. Andre Jarlan, 43, was shot to death in his second-floor office in the Santiago district of La Victoria at dusk on Tuesday.

Witnesses said riot squads had fired automatic weapons at demonstrators on the same block half an hour before.

Earlier, a 35-year old rehabilitated drug addict was fatally wounded in the back while manning a street barricade in the same slum neighbourhood in southwest Santiago.

In a similar incident at another street barricade in southern Santiago, a 14-year old boy was shot dead.

The pressure on President Augusto Pinochet to restore democratic rule came as the 66-year-old army commander approached the 11th anniversary of the 1973 military coup that toppled an elected Marxist-led regime and brought him to power.

Mario Sharpe, president of the six-party Democratic Alliance that called the demonstrations, said: "They showed the desire of an immense majority of Chileans for democracy."

Bonn leaders row over cancelled visit

BONN (Reuters). — Members of the German Federal Republic's governing centre-right coalition and its opposition yesterday sought to assign blame for the German Democratic Republic head of state Erich Honecker's decision not to make a historic visit to the GFR later this month.

Alfred Dregger, parliamentary leader of Kohl's Christian Democrats (CDU), has been named as the main culprit by the GDR news media for making disparaging remarks over the planned Honecker visit. He was also under fire in the GFR.

Dregger had said that the GFR's future did not depend on the honour of a visit by Honecker.

Opposition Social Democratic Party (SPD) Chairman and former

chancellor Willy Brandt, in a clear reference to Dregger, spoke in a statement of "garrulous amateurism."

The Social Democrats have demanded a full government explanation to parliament for the visit's postponement.

Honecker's visit, scheduled to have begun on September 26, would have been the first to the GFR by a GDR Communist Party leader and would have set the seal on steadily closer ties between the two countries.

GFR newspapers, agreeing yesterday that Honecker's decision not to come was no great surprise, said they did not expect the postponement would mean any serious setback in relations between the two German states.

62 Hitler diaries took 300 hours to forge

HAMBURG (AP). — Nazi-regalia dealer Konrad Kujau claimed yesterday it took him nearly 300 hours to forge the 62 "Hitler Diaries."

But each day before he started work he would have a huge breakfast that enabled him to write all day without stopping.

On his fourth day of testimony in a Hamburg court, Kujau said it took him an average of four sessions of one to two hours to complete each

volume. He worked with a quill and mixture of old and new ink.

Kujau admitted he found it most difficult to write about historical events that could be easily checked.

Co-defendant Gerd Heidemann, 52, is charged with convincing his former employer, Stern magazine, to buy the diaries even though he knew they were fakes and with pocketing at least 1.7 million marks (\$653,000).

Stern paid 9.34 million marks (\$3.6m) for the volumes, and the money has never been recovered.

East German shot in border escape

MUNICH (Reuters). — An East German man dragged himself over the barbed-wire border fence into the German Federal Republic during the night after being seriously hurt by the German Democratic Republic's frontier scatter-guns, Bavarian border police said yesterday.

The unnamed man, aged 26, was riddled from head to foot with metal fragments from two automatic scatter-guns that fired when he touched their trip-wires in the dark.

A companion who was not hit lacerated his legs as he scaled the three-metre-high fence.

Almost 140 killed in S. Korean floods

SEOUL (Reuters). — At least 139 persons were killed in four days of torrential rain and floods in South Korea and another 45 are still missing, the anti-disaster headquarters said yesterday.

More than 207,000 persons were made homeless and property loss was estimated at more than \$96 million.

The rains began last Friday, but tapered off on Monday and have now stopped.

Agriculture Ministry officials said more than 90,000 hectares of farmland had been flooded.

Indonesia's Adam Malik dies at 67

JAKARTA (AP). — Thousands of Indonesians mourned former vice-president Adam Malik, one of the country's great patriots, who died yesterday at age 67 after a six-month bout with cancer.

Malik, along with the late president Sukarno and former vice-president Mohammad Hatta, led Indonesia to independence from the Dutch in 1945.

President Suharto reportedly bowed his head in sadness when the news of Malik's death was reported to him earlier in the day.

State Secretary Sudharmono said the president ordered a state funeral to be held today.

As foreign minister from 1966 to 1977, Malik led Indonesia through a major shift in foreign policy, involving the ending of confrontation against Malaysia in August 1966, the return of Indonesia to the UN in 1966 and the establishment of the



Adam Malik, Indonesian vice-president, in a suit and tie.

Mulroney: An electrician's son whose dream came true

TORONTO (AP). — Brian Mulroney, who grew up an electrician's son in a remote Quebec mill town, was 19 years old when he confided to a friend that he wanted someday to be prime minister.

Now the 45-year-old lawyer and businessman, who made his first run for public office just last year, has reached his goal with a sweeping election victory at the head of the Progressive Conservative Party.

Mulroney — the Irish surname is pronounced Mull-roo-nee — has a striking lantern-jaw profile and a mellow voice that has served him well ever since he was a small boy.

In the 1980 referendum on Quebec independence, Mulroney was a major player in the campaign for a "No" vote, and he has taken strong stands for minority language rights. On bilingualism and many

other points, he shares the views of longtime prime minister Pierre Elliott Trudeau, a Liberal, who were opposed by many of his Tory colleagues.

But on other national issues, Mulroney has always been hard to pin down.

"To many Conservatives, he is all things — for Mulroney has made it his policy not to say what his policy is," his three biographers wrote in a friendly account of Mulroney's life.

The ambiguity left many political observers thinking Mulroney may be more liberal than his opponent, Prime Minister John Turner, who is in the Liberal Party's right wing.

Mulroney is eager to improve relations with the U.S. He has pledged to enlarge the Canadian armed forces and buy

more weaponry, promised to scrap portions of Canadian energy policy that angered the U.S. government, and said foreign investment would be welcomed to create jobs.

But Mulroney also says Canada's social programmes are a "sacred trust" that will be expanded rather than cut.

Speaking English at home and French in the streets, Mulroney gained complete fluency in both languages — a strong advantage in his campaign.

As a young attorney in Montreal, Mulroney earned a reputation in labour law, helping settle bitter disputes on the waterfront and at the newspaper La Presse.

All the while, he also was working hard in the backrooms of the Progressive Conservative Party, which has suffered through lean times in

Quebec for nearly a century.

In 1976, he tried to leap into politics with a run for the Tory leadership, but was defeated by someone even more unknown at the time — Joe Clark, who later became prime minister for a troubled nine months.

After the setback, Mulroney accepted the job of president of the Iron Ore Company of Canada, which he held until his next chance at the Conservative leadership in 1983.

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ENTERTAINMENT

TELEVISION

ON THE AIR

6:00 Musical Circle

7:07 Milhaud: Scaramouche; Ravel: La Valse (Berstein)

7:30 The Gladiators; Poulenc: Trio for Oboe, Bassoon and Piano; Brahms: Waltzes on Love Songs, Op.52; Rachmaninoff: Symphony No.2 in E minor (London, Viva)

9:30 Soler: Sonata in B-flat major and Fandango; de Falla: The Three Corners Hat; ballet, Romeo: Oboe d'amore Concerto in D major; Nielsen: String Quartet in E-flat major; Grieg: 6 Songs, Selten: Symphony No.3

12:00 Hindemith: Chamber Music, Op.24, No.2; Beethoven: Sonata for Cello and Piano (Gruber, Boguslavsky); Schumann: Album Pages

13:05 Verdi: Preludes from La Traviata; Catalani: Prelude from La Wally; Bach: Prelude and Lig from Partita for Solo Violin; Busch: Prelude and Fugue; Ropartz: Prelude, Marine and Chanson; Liszt: The Prelude; Rossini: Prelude, Theme and Variations; Salzedo: 3 Preludes for Solo Harp; Shortalovsky: 2 Pieces for String Quartet, Op.11; Beethoven: Prelude in Impressionist Style (Boris Berman); Debussy: L'après-midi d'un jeune (Concertgebouw, Halbins)

15:00 Musica Viva — Pierre Boulez: Edgar 15:30 Youth Programme

16:30 Bracha Eden and Alexander Tamir-Dvornik: Slavic Dances, Op.46; Grieg:

19:00 Bonanza 20:00 Another Life 20:30 World News Tonight 21:00 Entertainment Special: WKRP in Cincinnati 21:30 60 Minutes 22:30 Leno 23:00 700 Club 23:50 News Update

ON THE AIR

Voice of Music

6:00 Musical Circle

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16:30 Bracha Eden and Alexander Tamir-Dvornik: Slavic Dances, Op.46; Grieg:

Norwegian Dances, Op.35; Moszkowski: Spanish Dances; Brahms: Hungarian Dances

18:00 Strauss's Night Music

19:05 William Byrd: Look after Yourself; Gottlieb Goldberg: Trio Sonata for Two Viols; Fodor: Symphony No.4 in C minor; Beethoven: Sonata in D minor; Temper: Byrd: Lullaby; Handel: Sonata in D major, 1. Lute; Piazzi: Sonata: Brahms: Rinaldo, Cantata

20:30 The Jerusalem Symphony Orchestra, Gary Bertini conducting — Mozart: Piano Concerto No.3 (Yefim Bronfman); Mahler: Symphony No.5

23:00 Life of an Artist — Maria Callas (part 4, repeat)

First Programme

6:03 Programmes for Olin

7:30 Morning Concert (from Voice of Music)

9:30 Encounter — live family magazine

10:30 Programme in Easy Hebrew

11:00 School Broadcasts

12:00 Education for all

12:05 Sephardi songs

13:00 News in English

13:30 News in French

14:05 Children's programmes

15:30 Speaker's podium

15:35 Notes on a New Book

16:05 Middle East Crossroads

17:02 Jewish Ideas

17:20 Everyman's University

18:05 Afternoon Classics

18:47 Bible Reading

19:05 Current Problems in Jewish Law

19:30 Programmes for Olin

22:05 Between Oceans — live talk show

9:05 House Call — with Rivka Michaeli

10:10 All Shades of the Network

12:05 Open Line — news and music

13:05 Midday — news commentary, music

14:05 A Taste of Honey — with Dan Kauer

16:10 Safe Journey

17:10 Economics Magazine

18:05 Of Men and Figures

18:05 Any Question?

18:45 Today in Sport

19:30 Hebrew news

20:05 News — follow-up magazine

22:05 Yiddish song

23:05 Quiz — introduced by Shmuel Rosenne



Coat-dressing by Next (left), and athletic but sexy swimwear by Moi (right).

Turning point

reer Fay Cashman wraps up the events of Israel Fashion Week.

ONE OF the 49 manufacturers who brought their collections to Jerusalem's Laromme Hotel last week for the annual Israel Summer Fashion Week came with high expectations.

Alarming declines in fashion and textile exports, recorded gloomily since the beginning of the decade, little optimism. There was nothing to suggest that August, 1984, would prove to be the turning point. There are any number of reasons for the sudden and totally unanticipated upswing:

economic recovery in Europe and the U.S., the quality of the merchandise, the calibre of the buyers, the venue, relaxation of import regulations in Sweden, the projected free trade zone agreement between Israel and the U.S.

One thing is certain: price was the most attributable factor to Fashion Week's success. During the recession period, buyers had become accustomed to driving hard bargains. Economic improvements notwithstanding, price resistance continued to haunt negotiations for designers, so that manufacturers withdrew from the austere policy of better to sell at a loss, than not to sell at all.

While Europe was going through the throes of economic chaos, Israeli manufacturers made a cold calculation that if they wanted to stay on the map of European markets until the good times passed, they would have to spare themselves for profits taking nose dive.

Even if Israel's own economy had been stable, no company could have existed for too long on that basis. There's a limit on just how long anyone can go along barely breaking even, or worse still, running at a loss. But, given spiralling production costs and price increases for imported raw materials plus the daily devaluation of the shekel, even a genius would be hard-put to calculate a price which would satisfy the buyer and give the manufacturer a decent profit.

That's what stopped the Israelis from soaring into euphoria. Although 90 per cent of the exhibiting companies had encouraging volumes of orders in hand, no one had been paid in advance. Prices had been quoted for delivery dates many months away, and no one knew whether those prices would still contain profit margins, however small, by the time that shipments were ready.

Manufacturers used to quote — and get — four times the cost price per unit as recently as six years ago; now they're lucky if they can sell for twice the cost price.

Yet with all that, there were some amazing success stories. Buyers literally lined up in the corridor to gain access to the Pizi showroom, where export manager Esther Platok was near collapse from overwork. Officially, showrooms were open from 10 a.m. to 6 p.m., but Platok was doing business up to 11 at night.

At the end of the three-day event, Platok had more than DM 1.5 million on her books and by noon on the closing day, refused to take any more orders "because we were at the limit of our production capacity."

Only three weeks earlier, she had sold a million dollars worth of Pizi merchandise in Dusseldorf. The company forecasts that its 1984 exports will top \$2 million, more than doubling last year's \$800,000.

Pizi's secret is in simple lines and minimal gimmickry. More important is the company's forward approach. Whereas most competitors restricted their colour ranges to soft pastels, white, black and perhaps one or two shocking phosphorescents, Pizi included rich warm emerald, a distinctive petrol blue and full-toned coral. Buyers who had been confronted by an incessant flow of pale salmon pink and white were delighted by something different.

Not that the white and pink were off-putting. First-time participant Donna Gay produced its elegant masculine-inspired collection in these two colours only and did very well for itself.

The Israel Export Institute (IEI) had announced before the event that 200 buyers were expected. On opening day, it declared that around 150 had registered. In the final analysis there were only 135 buyers — a disappointing attendance compared to the years in which as many as 700 buyers descended on Tel Aviv. But, as Mira Shahar of MIF pointed out, "these were serious buyers. They didn't come to loiter around the swimming pool. They came to buy."

Their presence was not so visible on opening day, but after they saw the stunning fashion show at the Hebrew University amphitheatre on Mount Scopus, they were quickly spurred to take a closer look inside the showrooms.

The day after the gala opening, Jerusalem Mayor Teddy Kollek — who took time out of a busy schedule for a quick showman tour — asked Yael Matalon, head of the IEI's consumer goods division, whether the fashion show was just a glamour event or whether it genuinely gave a boost to business. Matalon replied that there was no doubt that there would be fewer sales without the show. Manufacturers agree. Twenty-nine companies thought it worth the investment of \$150 per garment (to show not to make) in the hope of attracting buyers' attention.

Unfortunately there were not enough buyers for leatherwear, which is truly the crown of Israel's fashion creativity.

Tali Gavish and Anat Hafetz introduced "windows" of wide netting not unlike a loose dam, to the Tadmor collection, with tiny sequins strung on the interlaced threads. Guy Fulop had the foresight to include a group of flecked simulated linens with tone-on-tone leather trim. The jackets based on battle-dress and bomber concepts were both lined and unlined, but all featured shoulder padding. Fulop and his wife Hava (a former Miss Israel), managed to fit Fashion Week into their schedule just before the birth of their first child, who was due to arrive some time during the first week of September.

There are inevitable comparisons between sensuously soft suedes and velvet. At Ero, one literally had to touch the gorgeous printed suedes to be sure that they were indeed suede and not velvet.

In sportswear lines, buyers were cautious about progressive fashion. Avant-garde styling came in for its fair share of kudos, but the plaudits were not translated into orders of any great volume. An exception to the rule was Glina which, contrary to the advice of the experts, included a selection of its signature line of ethnics which were snapped up by American buyers. Glina also did well with its brightly-coloured layered groupings available in single units of eased dresses and coordinated separates or as ensembles.

A wary attitude towards the outrageous was in fact anticipated, which is why designers concentrated more on texture play than on colour. In general, Mudo designer Irene Leibowicz confined herself to white, black and abstract black and white prints in asymmetric interaction in high class coordinated sportswear, with eye emphasis on wide, biased 'chastity' bands slanting from the waist to below the hip.

As hot as this past summer has been, someone in the know has obviously passed around the word that temperatures will be much lower in summer 1985. What other reason could there be for the proliferation of coats in so many collections? The only other plausible explanation is flattery. Loose, unstructured and flexible — not to mention lightweight — the coats swinging from the shoulders, are chicly expansive, hiding the worst and highlighting the best to midday's figure.

The most interesting fashion phenomenon is the symbiosis of mannish styles and ultra-feminine fabrics. The tendency towards androgynous apparel was obvious last year, but designers were less capricious and seemed to be more conscious of male than female influences. What has happened now is that the lines are distinctly masculine, but the textures are utterly feminine. Jerry Melitz scored a tremendous hit for Terra by incorporating delicate broderie laces with coarser looking dishcloth fabrics in sweat-shirts. Melitz cleverly cut down on production costs by reintroducing sleeve gussets which convey the optical illusion of a wide dolman shape.

In other collections, including leatherwear, mannish blazers and pants were teamed with fine lace camisoles or wispy bras. Men's old-fashioned undershirts and long-johns continue to inspire scruffy-looking T-shirts and casual pants.

As a category in its own right, swimwear made the best combined sales splash. Manufacturers were lapping up orders and in most cases, buyers still affected by Olympic Games fever were opting for athletic, energetic styling in preference to the provocative plunge. This was yet another vivid illustration of the selective differences between department store and boutique buyers.

It's really too bad that the best sleepwear which Jerulin's Lena Katz has yet designed is unlikely to find its way to the domestic market, except perhaps as export surplus. Using the purest, finest cottons, Katz has borrowed extensively from street and sportswear shapes, which she has softened with pin-tucking, smocking and embroidery motifs.

"I got tired of traditional lingerie," she explained. What she meant to say was, recent tradition. Her sleep-shirts are exquisite reinterpretations of traditional Victorianiana. Her cropped, draw-string pajama pants are more than a little reminiscent of Victorian knickers.

Price-wise, according to Katz, there's no point in Jerulin distributing these dreamy dazzlers locally, because the way the economy is going, no one will be able to afford them.

The fashion merry-go-round being what it is, those firms which continue to supply the home front this week began a round of fashion shows to introduce the public to what's in store for autumn-winter wear. If they had trouble quoting summer prices in dollars, deutschmarks and sterling, how can they even begin to calculate winter prices in shekels?



Drawings by Eliahu Eilon

Paris chic

French fashion includes everything from the sublime to the ridiculous, Michelle Mazel reports.

AMIDST caviar and sparkling diamonds, the fashion-houses of Paris are parading their new styles for fall and winter. Very few women throughout the world will wear their costly and often wildly impractical creations but millions will dream about them.

These collections make front-page news all over the world; glossy magazines are spending a fortune on special fashion issues which are immediately snapped up. Industrial spies have tried the most daring ploys to steal designs and ideas before the shows. Now that the models are out they will be copied — with various degrees of skill and accuracy — by thousands of dressmakers great or small.

Mode de Paris is still magic today... something to dream about, something to make money from. Fashion is an important money-making industry in France as behind the handful of big names still in business, there are hundreds of smaller firms cashing in on their world-wide reputations.

The big names themselves have all branched out into profitable sidelines: perfumes and cosmetics, stockings and foundation garments. Most of them carry a second, cheaper line of ready-to-wear clothing which is often more profitable than the haute couture itself for the exotic, elegant creations paraded in front of selected audiences are unbelievably costly. These fashions demand the best materials and the exquisite stitches of the best seamstresses.

Rising costs and the need to compete with others year after year are the reasons why so many houses of fashion have disappeared from the scene. The Japanese have accomplished wonders and are now well-entrenched in the fashion world, surpassing even the Italians. However this appears to be a good year for French haute couture, selling well because of the strong dollar.

What is new in this year's styles? Fortunately, for women who are on a tight budget, no clear picture is



emerging. The hemline seems to be getting shorter, but this is offset by the trend set by the ready-to-wear collections. As usual they were out far ahead of time, since they have to be available next month when the back-to-work rush starts.

This year the ready-to-wear collections resemble the post-World War II look, but since there is no longer a shortage of material, hemlines are going down — reaching well below the knee to "midi" length — and the overall picture is a square, mannish look. The winning combination: square shoulders with tight-fitting, mid-calf skirt, worn with a cardigan-style jacket. But there are also softer cow-neck blouses with long, full skirts.

Winter white is back in strength, but bright colours are "in" too, with bottle-green and luscious red the joint favourites. To brighten the stark winter styles, plenty of jewels are on display: cascading necklaces, elaborate bracelets and exotic brooches in a variety of dazzling colours.

Boots are still very much in demand but they have a softer look, are flat or low-heeled and made of supple leather. Shoes are low-heeled, too, and they have kept the pointed, Italian look.

These are the styles we shall see displayed in shop windows this fall. What about haute couture? Here are just a very few samples of what you could have seen had you been at Paris shows recently: Yves Saint Laurent likes his women flat and skinny and covered with princely jewels. He offered an interesting line in jump-suits — worn with furs, of course (His collection drew loud applause from the audience of the show I attended, which included the daughters of the late King Faisal of Arabia, sitting in the front row.)

Dior was all for the mannish look in bright, cheerful colours. Courreges had adopted mink for daily wear and Ungaro looked to past — and pastel — shades: clinging drapes and long gloves, chokers and lame with feathered head-dress. The hem stopped short of the knee.

The staid Hubert de Givenchy had his usual elegant and dignified style, but he did give way to impish whim and startled the audience with fur coats sporting yellow and orange streaks.

The House of Chanel startled even the most blasé by staging its show in the glittering foyer of the Paris opera. Karl Lagerfeld, who designs Chanel today, was his usual urbane self. There was room to spare for the selected few — a mere thousand — who partook later of a candlelight supper while watching the show after the show, a tightrope act over the celebrated stairway.

The show is now over for a few months but the dreams go on, all over the world, but especially in Paris. If you stroll through the streets of Paris this fall, you will probably see a detail, an accessory, something copied from the lovely and wildly expensive creations... the *je ne sais quoi* which has made Paris the world capital of fashion for so long.

The women of Paris, young and not so young, may not be wearing the latest creations of haute couture, but they do think and they take time on their dress; not money. Extreme care given to details is the key to the celebrated *chic parisien*.

Contrary to popular belief, the average French woman does not spend more money on clothes than her Israeli sister, but she would never dream of going out in a rumpled dress or shirt, or with accessories which do not match.

Watch them go by, those smartly dressed French women, and then look closer. The tight-fitting blouse in the fashionable shade is made of cheap material and won't last more than a season (like fashion itself) but is a perfect match to its hip-hugging skirt.

The plastic earrings and matching plastic belt have been bought at Prisunic (a chain of inexpensive stores), but they give the finishing touch to the ensemble. The hairdo is in careful disarray, the face has been lightly but expertly made up. A whiff of perfume — *et voilà!*



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Mizrahi Bank profitable again

By PINHAS LANDAU
Post Finance Reporter

TEL AVIV. — Bank Mizrahi yesterday announced that it, too, was beginning to recover from the crisis of 1983. In the first half of this year the bank succeeded in producing an adjusted profit of IS\$74 million or \$1.58 million.

The management review of the bank's activity in the January-June 1984 period gives a detailed picture of the problems the bank faced and the attempt to get to grips with them. Overall, the stress is on restoring the stability of the balance sheet, by selling assets and cutting costs, so as to increase both liquidity and the capital assets ratio.

Mizrahi was less parsimonious in releasing figures in its half-yearly report than the other banks which have reported to date. Thus, a breakdown of the items on the profit and loss report shows an operating loss of IS\$4.2 million, which was offset by extraordinary profits of IS\$5.87b. — all this being nominal terms, before adjustment for inflation.

Mizrahi seems to be the only bank to have suffered a loss on continuing operations, and this is clearly a carry-over from 1983's legacy. Management claims that, as a result of the major sales of assets in the course of the last few months, the financing

costs that gave rise to the loss in the first half will not be repeated in the second.

These asset sales include both real estate and properties, such as branches sold by the bank and leased back, and other properties held as investments but not in use, and also sale of financial assets.

In this respect, Mizrahi realized \$18m. in March this year from the sale of its shares in the Israel Corporation. A more recent sale, of 40 per cent of the equity of the Finance and Trade Bank to Tefahot, generated no profit, since all the companies involved are in the Mizrahi group. But the deal will nevertheless serve to improve the balance sheet structure of Mizrahi itself.

In answer to a question from *The Jerusalem Post*, Dov Naveh, the bank's comptroller, revealed that Mizrahi had set aside \$3m. for possible bad loans. In other words, the bank chose to reduce its reported profit by two-thirds to build up reserves.

Other banks have also claimed to have adopted a conservative approach in presenting their profits for the half-year, though none, so far, have released the amount set aside for doubtful or bad debts.

Despite this high allowance, and despite his fears regarding the difficult period facing the economy, Miz-

rahi managing-director Aharon Meir stressed that the bank had no specific bad debts on its books, or in the offing, and that the set-aside was a precautionary measure.

The reported real profit of IS\$74m. represents a return on equity of 1.8 per cent in annual terms, which is very low in relation to the level of profitability needed to prevent a government take-over in 1988, according to the terms of the "arrangement" of last October.

In this connection, Meir announced that Mizrahi has taken the initiative of setting up a kind of think-tank of academics and people from within the banking industry, to consider how to stave off the threat of nationalisation. The two main areas which need to be reformed, in Meir's opinion, are the discriminatory taxes levied on banks, and the large sectors of activity where no profits can be made, such as *pa'am* accounts.

Meir would like to see this informal committee idea taken up by the government and institutionalized so that the issues involved are thoroughly thrashed out in good time. He does not want the hasty circumstances under which the "arrangement" was cobbled together to be repeated.

The bank's adjusted balance sheet grew by 5 per cent in the first half of



Aharon Meir (Israel Sun)

1984, as a result of the asset sales noted above, which involved property revaluations. The adjusted capital also grew, and the amount due to outside shareholders fell. Total equity stands at 3.85 per cent of total assets, at \$179m. out of the \$4.7b. balance-sheet total.

The bank also gave a full report of its cost-cutting activities. It is clear, however, that the major savings are being made by cancelling planned investments in buildings for a management and computer centre. On the income side, the introduction of positive interest rate differentials — one of the main loss areas of 1983 — has been a major contribution to a more rational and profitable use of the bank's resources.

Andin refuses to pay claim, says it is being cheated

TEL AVIV. — Andin, the jewelry and diamond company, has been accused by the Zebra Diamond company of refusing to pay a claim for some \$300,000. Andin claims in turn that it is the victim of an attempted fraud.

Andin was responding to the inquiry made by the stock exchange management following publication of the claims and counter-claim in *Yedioth Aharanot* yesterday. According to the company, an attempted fraud on the part of one of its employees was discovered in July and a complaint lodged with the police.

This resulted in the employee being arrested and held for eight days while the police conducted their investigation.

According to the newspaper story, after the suspect was released on bail, Andin's management began to suspect that the supplier (Zebra) and the accused buyer were in league to defraud Andin, and they therefore refused to pay for the goods that other employees had bought, and that they had, on their own admission, received.

Yitzhak Hod and David Kami, the owners of Zebra, in their claim before the Tel Aviv District Court, say that Andin's behaviour is unjustified and that they have no connection with the fraud, if there was one, at Andin. They further charge that the police investigation revealed grave facts regarding the business procedures at Andin.

Amongst other things, there was no control or follow-up after diamond purchases, and there is a discrepancy between actual purchases and book entries, over a long period. Hod and Kami also claim that Andin has stopped paying other diamond dealers who sold its goods, and that these dealers intend to enter their own claims against Andin.

However, Andin told the stock exchange that there has been no interruption in the smooth running of the company or in its relations with suppliers who were not involved in the incident. The company also noted that, as of yesterday, it had received no claim in the above matter and therefore it could not comment on anything said in such a claim, if it exists at all.

The remedy: hard work, better leadership 'The wolf is at the door' is warning by Moshe Sanbar

By PINHAS LANDAU
Post Finance Reporter

The economy is in such a ruinous state that we have difficulty supporting the country in its old borders, yet the politicians squabble over minister and deputy-minister positions. Broad consensus on the main elements of an economic recovery plan should be the basis for action, even by a caretaker government, instead of phoney disputes over the details of alternative plans put forward.

These were some of the sentiments expressed on Tuesday by Moshe Sanbar, past governor of the Bank of Israel, speaking to the Jerusalem Economic Club, at the Moriah hotel. Sanbar pulled no punches in sharply criticising the policies that had brought the economy to its low point, and the indifference displayed by politicians of all parties to the country's current plight.

Sanbar noted that the continuing fall in foreign currency reserves indicated that Israel can no longer raise new loans abroad. He said that if the reserves were defined according to criteria used during his governorship, the figure today would approach zero.

The programmes for turning the economy around all centre on the

need to cut the government's budget by a large amount. Admitting that this would lead to large-scale unemployment, Sanbar said that the only alternative was the far worse, uncontrolled recession that would come from allowing the country's foreign currency reserves to continue to disappear. Because of the cumulative impact of the continuing fall in reserves, the country might find itself facing an unorthodox but more realistic form of arithmetic in which 2 (billion dollars of reserves) — 1 = 0. In other words, after a certain point, even existing loans would be withdrawn.

Apart from cutting the budget, Sanbar supported offering improved terms for longer-term saving.

The existence of the "grey market" for credit is another source of concern, in Sanbar's opinion. The Bank of Israel's restrictive policy affects a smaller and smaller area of the economy, as more and more is made of loans from outside the banking system. The very high real interest rates in force are "beyond the danger level."

Sanbar's formula for recovery is simple and direct: "hard work, better management and, above all, more responsible leadership."

Finance and Trade balance sheet down 50%

By PINHAS LANDAU
Post Finance Reporter

TEL AVIV. — Finance and Trade Bank, a Mizrahi subsidiary recently transferred to Tefahot's control has reported a drop of almost half in its adjusted balance sheet for June 30, 1984, compared to that of end-1983. The bank made a small adjusted profit of IS\$2.7 million in the first half of this year, after losing IS\$110m. in the same period of 1983.

These are the main facts to emerge from the figures published by the bank recently. However, the management's review of activities in the period covered, is incomplete, contains inaccuracies and ignores the requirements for half-yearly reports published by the stock exchange in June of this year, and amplified in July.

The basic requirement made by the exchange management from companies whose shares are traded is to include with the figures "an analysis of the results of business activities in the interim period, with emphasis on the differences between the results in the interim period (i.e. the half-year being reported) and the equivalent period in the preceding year." Another requirement is to give details of events occurring after the date of the interim period being

reported, which are likely to have significant impact on the company's business activities or results.

Finally, management is required to publish "any further relevant information relating to the interim period, which is significant, in management's opinion, from the viewpoint of investors." In light of these requirements, the following questions suggest themselves: The management's review notes that the bank's balance sheet was IS\$7.1 billion (in nominal terms, the adjusted figure of IS\$7.3b. is not mentioned). Why is no comparison made to either mid-1983, as the exchange requires, or to end-1983, as the Examiner of Banks at the Bank of Israel required from the banks for these reports?

Why is the adjusted balance figure not mentioned? Above all, why is the massive drop in the size of the balance-sheet not noted, let alone discussed and analyzed, as is logical and also mandatory? Is this not "relevant information?" Or is it of no significance to investors, in management's opinion?

When asked by *The Jerusalem Post* as to this extraordinary omission, Finance and Trade's chairman, Moshe Man (who became official boss after Tefahot which he heads,

bought 40 per cent of Finance and Trade from Mizrahi), indicated that in his view the decline of 50 per cent was not of importance.

"Since the end of 1983 many customers have closed their *tapas* and *pakam* short-term deposits, because we are not prepared to pay as high interest rates on these as are available elsewhere. Other banks have liquidity problems and are willing to pay these rates for the funds, but Finance and Trade has no liquidity deficit and therefore doesn't need to bid for money," was Man's reply. Furthermore, he noted, "even the big banks are learning that what is important is profitability and not size, and that is indeed the case. As you see, we have regained profitability, even though the balance sheet has declined." Another "minor" omission from the management's review was any mention of the fact that the bank had effectively changed hands just after the end of the half-year being reported, and that Tefahot intends to set about the hitherto dormant bank, with grandiose plans of expansion, including overseas. If this doesn't fall into the category of "events after the interim period report date that are likely to cause a significant change in the bank's business position," then one is hard put

to know what does fit the bill.

The review also notes that this year's IS\$2.7m. profit in January-June compares to an adjusted loss of IS\$28m. in the first half of 1983. The discrepancy is simply the difference between the original loss of IS\$28m. in 1983 shekels and the updated value of that loss in June 1984 — IS\$110m. The fact that Finance and Trade finished 1983 with an adjusted profit of IS\$10m., also a fact and comparison of some interest, is not noted either.

The omissions and mistakes (if such they are) of the management review are duplicated in the press release, so that one paper wrote "the bank's balance sheet rose to IS\$7b. from IS\$4.5b. at the end of 1983." Some growth!

The stock exchange told *The Post* that it is looking into the matter. Unfortunately, the exchange has no real powers in this respect, and can do no more than reprimand a company which ignores its directives. Shareholders and, in this case, depositors, may have to watch out for themselves.

OIL. — Geologists have discovered a new oil deposit in the western Siberian oil-producing region of Tyumen, the Soviet Communist Party newspaper *Pravda* said yesterday.

Amal warns against education cash cuts

By LEA LEVAVI
Jerusalem Post Reporter

TEL AVIV. — The future of the Israel Defence Forces and the nation's industry are threatened by cuts in the education budget, it was claimed this week.

Uri Agami, chairman of the Histadrut's Amal network of vocational high schools, warned at a press conference here: "I don't take comfort in the fact that they tell me technological subjects won't be cut."

"If a youngster learns less physics, or for that matter less history or literature, he will not be the kind of worker and citizen we want."

On top of the actual initiated budget cuts, there are additional cuts caused by inflation, Agami said.

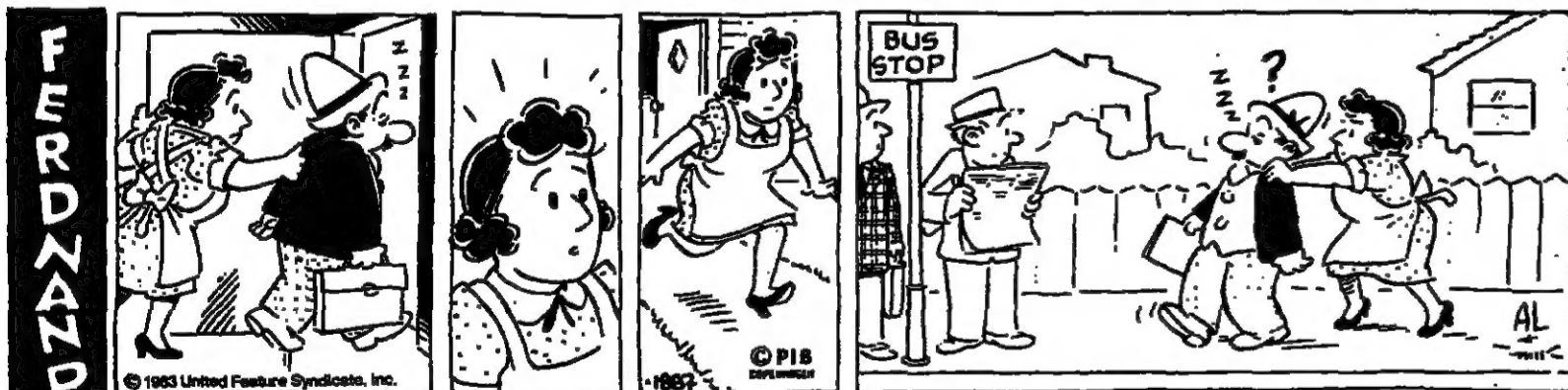
With unemployment just around

the corner, Agami is concerned about those Amal students who attend factory or apprenticeship schools and spend part of their time working and part in the classroom.

Amal's director-general, Zvi Cohen, explained that this year Amal has 28,500 pupils ranging in level from post-high school courses for technicians and practical engineers to one-day a week apprenticeship schools.

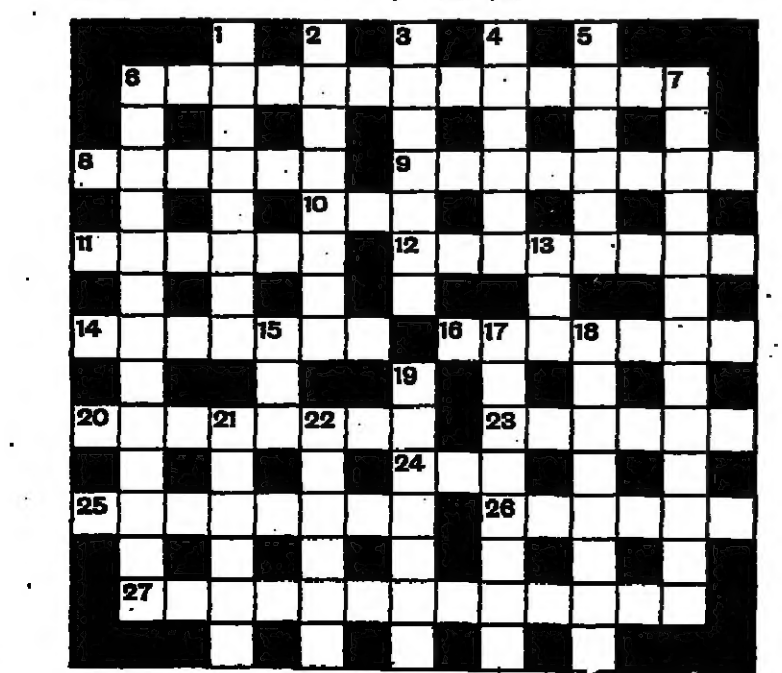
The budget will be about IS\$7 billion, but since almost 90 per cent goes for salaries, there is little money left for buying up to date technological equipment.

Ort, the other large network of vocational schools, also issued a communique yesterday about the opening of its school year.



ONE-AND-ONE CROSSWORD

- ACROSS**
- 6 A lady whose pretences are not to be taken seriously (6, 7)
 - 8 Master-switch for current (6)
 - 9 It shows rashness, yet in retrospect there's merit in it (8)
 - 10 Old boy taken aback by a giant crusher (3)
 - 11 Complete account of what the early Christians did in Ireland? (8)
 - 12 Conventual act Simon made a hash of (8)
 - 14 Do we end without or with financial support? (7)
 - 16 I get all involved in husbandry (7)
 - 20 One who bears witness at a trial or later (8)
 - 23 Currently it has two banks in Dublin (6)
 - 24 Nevertheless, you expect them initially (3)
 - 25 Ailing sailor taking out a small loan for a dish of cream (8)
 - 26 Put in charge again? (6)
 - 27 Parenthetically one has to earn big money to set in it (6, 7)
- DOWN**
- 1 In a favourite before I go and get skin trouble (8)
 - 2 A bed made carelessly by George Eliot (4, 4)
 - 3 Plucky little bodies on the poultry farm? (7)
 - 4 Part of a flower seen in a most amenable plot (6)
 - 5 They beat one of Scotland's premier sides (6)
 - 6 A three-line whip in triph cate? (3-1-4-5)
 - 7 A bird in its nest protected by law against eviction (7, 8)
 - 13 Every penny Capone left? (3)
 - 15 Is no longer a subversive proverb (8)
 - 17 Abuse can make it taller (3-5)
 - 18 True to appearances I tell out with Eisenhower (8)
 - 19 A schoolboy howler? (5-4)
 - 21 Old clothing measure or a place where there are rock temples in India (6)
 - 22 Apocryphal character for whom I turn a wooden clog out (6)



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- Netanya: Carmel, Kiryat Nordan Commercial Centre, 51774.
- Bat Yam: 7 Ibn Sima, 672288.
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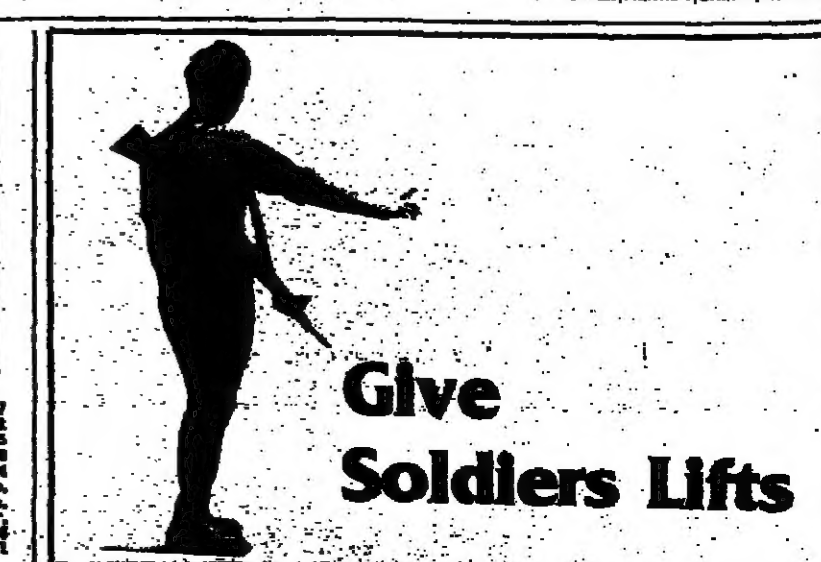
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News of unity gov't sparks rally

exchange lost no time absorbing the implications of the new government. Although the rally in the talks had the positive trend in the immediate agreement galvanizing effect on activity.

is was most apparent in the stock exchange or "black" market for after several weeks of the prices in nominal i.e. of sharp losses in the price level has risen the last two days. From \$350-\$355 area at the price has shot ahead to the \$390 mark, in day afternoon.

ground to this sudden lies in the quickly-lit outlook. With a nment about to be the knowledge that the urgent measures that are awaiting the and finance ministers in, raising that rumours of the nation should start to be

psychology and econo- be on opposite sides on because most of the eco- have voiced their opin- what steps need to be the view that a devalua- desirable at all. If it is at a later stage, when more stable and buying been slashed. The and panic-mongers in that there usually proven more in economic logic.

to the stock exchange, a market, volume soared dion, the highest turnov- share market for many positive, though, was the stration of this volume in ment" bank shares, to almost 80 per cent of the words, only \$207m. ds in the non-bank sec- sible this is an increase

Tel Aviv Stock Exchange

By PINHAS LANDAU

over the recent average, it is still only the equivalent of some \$600,000. It was the breadth of the advances, not their size or the volume that accom- panied them, that was the main positive feature of the day.

The overall advance/decline ratio jumped to 4:1, and sharp rises were ahead of sharply falling issues by 6:1. Against 36 issues that were marked "buyers only" for the first or subse- quent times, only 1 was registered "sellers only."

The atmosphere was so aggressively bullish, that even seasoned traders were surprised at their own reactions - perhaps because they have become used to the enforced boredom of the last weeks of very low turnovers. Floor-traders squab- bled over the offers that appeared in some issues, while in many others large bids caused prices to jump by 5 or 10 per cent, and even more in some cases.

Beyond the immediate euphoria, the question that is on everyone's mind is how long this atmosphere and these rises can last. Opinions vary, but all are agreed that at this stage the market will continue to be led by the political developments. The market is clearly of the opinion that any government will have no choice but to produce a policy and programme immediately, and start with its implementation forthwith.

Thus the market is looking only to hear good news (from its point of view), and will probably continue to ignore any hiccups in the negotiating process, as it has done till now. In this, it has proved itself more astute than most of the political commenta- tors, and indeed, than many politi- cians.

Announcements: Mizrahi Bank published its half-yearly results. The bank made an adjusted profit of \$374 million. See story on page 6 for details.

MARKET STATISTICS

Indices
General Share Index 338.35 +1.35%
Non-bank Index 238.90 +2.88%
Bank Index 390.39 +0.38%
Industrial Index 261.04 +2.74%
Bond Index 304.35 +0.90%

Turnovers
Shares IS 927.7m.
Bonds IS 235.3m.
Totals IS 1163.0m.
Declines 73
of which 5% + 105
of which 5% - 17
"Buyers only" 36
"Sellers only" 1

Bond market trends
4% fully-linked: Rises to 3%
3% fully-linked: Rises to 1%
80% linked: Stable/Rises to 2%
90% linked: Unchanged
Double-option: Stable/Rises to 3%
Dolar-linked: Rises to 4%

Most Active Shares
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IDB 12390 IS142.6m. n.c.
Hapoalim 8401 IS129.6m. +80

Sharpest Moves
Tip-Top op. +12 +27.9%
Pargod op. +15 +20.3%
Yahalom Hotel op.136 +21 +18.3%

Cial Computers reported an ad- justed loss of \$188.8m. for the period January-June 1984, com- pared to an adjusted profit of \$128m. in the same period last year.

Tadris Cement ISI Shares. The exchange halted trading in this share once again in view of the irregular orders entered. An attempt to trans- act orderly trading was made, but after the share rose by 150 per cent, there was still no balance between supply and demand. Trading will be resumed after the exchange has clarified the exact spread of sharehold- ing among the public.

LONDON BANK RATES

September 5, 1984
Bank base rate prev. close
Call money 10 1/2 10 1/2
91 day treasury 10 1/2 10 1/2
3-months Interbank 10 1/2 11 1/4
Lloyds Bank International, London

Norway to build world's biggest cruise ship

OSLO. - The Norwegian shipping company Klostor has commissioned a Danish engineer to design a new giant cruise ship able to carry 5,000 passengers.

Klostor already owns the world's biggest passenger vessel, the SS Norway, but the newly planned vessel will be three times as large.

The Danish engineer, Tage Wandborg, was also behind the conversion of the SS Norway, formerly the France. His new assignment in- volves designing a huge floating hotel on which the guests will have so many forms of entertainment to choose from, that they will feel no need to go ashore. The new vessel will not go to port at all in the course of a regular cruise. However, a special "port" will be built on board the ship, so that passengers who wish to make trips to shore can do so in small boats.

Wandborg believes that his ship will be so fascinating in itself that the passengers will prefer to remain on board. Attractions will include a congress centre, a casino, shops and bars. A crew of 1,800 will attend to the needs of the 5,000 passengers.

Bank of Israel exchange rates
September 5, 1984
U.S. dollar 338.50
British sterling 434.62
German mark 114.98
French franc 37.471
Dutch guilder 101.88
Swiss franc 137.53
Swedish krona 40.135
Norwegian krone 40.226
Danish krone 31.680
Finnish mark 55.034
Canadian dollar 260.47
Australian dollar 281.46
South African rand 206.43
Belgian franc (10) 57.061
Austrian schilling (10) 186.48
Japanese yen (100) 138.59
Irish pound 355.26
Spanish peseta (100) 202.51
Jordanian dinar 853.02
Lebanese lira 50.520
Egyptian pound 277.57

Company	Price	Volume	Change	% change
(not part of "arrangement")				
OHH	3420	-	-	-
Mandarin	2172	384	+26	+5.0
Maritime	543	b.o.1	+26	+5.0
N. American	1723	10	+17	+1.0
N. Amer. op.	1184	5	+21	+1.7
Danot	3321	21	+6	+1.2
Danot 2	74	962	+4	+5.5
Danot 3	176	37	+7	+4.5
First Int'l	444	b.o.1	+21	+5.0
FIH	354	2483	+32	+9.9

Company	Price	Volume	Change	% change
(part of "arrangement")				
IDB	12390	1151	n.c.	-
IDB B	13000	8	+150	+1.2
IDB P	80300	-	-	-
Union	9280	176	n.c.	-
Discount B	16300	3	+100	+4.6
Discount A	16005	285	+185	+1.2
Discount B	1865	165	-35	-1.8
Mizrahi	no trading	-	-	-
Mizrahi B	no trading	-	-	-
Mizrahi B 9	no trading	-	-	-

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HOLLAND	GULDE
SWITZERLAND	FRANC
SWEDEN	KRONA
NORWAY	KRONE
DENMARK	KRONE
FINLAND	MARK
CANADA	DOLLA
AUSTRALIA	DOLLA
SOUTH AFRICA	RAND
BELGIUM	FRANC
AUSTRIA	SCHIL

THE JERUSALEM POST

Ari Rath
Editor and
Managing Director

Erwin Kronk
Editor

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Reason prevails

EVERYTHING else being equal, prime minister-designate Shimon Peres should be able to present a national unity government some time next week - seven weeks after the July elections. The Labour Alignment and the Herut-Liberal Likud will join forces and share the power of the land because this is the only way out of the political impasse created by the election results.

Weeks of almost around the clock coalition negotiations during which both major parties sought to block each other's chances of forming a narrow coalition cabinet brought them back to square one. But in the end - reason prevailed and both Labour and the Likud opted for the national unity party solution, giving each side an equal share in the weight and number of cabinet portfolios.

The fact that Mr. Peres will head the government during the first half of the over four-year tenure of the unity cabinet is a proper reflection of the election results, as well as of his tireless efforts to put a governing coalition together, despite the large share of the small splinter parties in the Eleventh Knesset.

But one should also appreciate the responsible attitude of both outgoing Prime Minister Yitzhak Shamir and Defence Minister Moshe Arens who made a strong case for a unity government within their own party, fully knowing that they will have to give up the two top cabinet posts.

There are already some welcome signs of the political cooperation by the country's two major parties, as the finishing touches are being put on the coalition agreement. Apart from the softening of the nationalist trend of Israel's last two Likud-led governments, the bargaining power and political blackmail ability of the religious parties has already been considerably weakened.

Moreover, the intensive talks at various levels between Labour and Likud leaders and Knesset members have already created a certain new dimension of their own. In life, as in politics, one can often make a virtue of necessity.

It is now 14 years since Israel's first attempt at national unity broke up because former prime minister Menachem Begin - at the time leader of the Gahal component in the Labour-led unity government headed by the late Golda Meir - refused to sit in a cabinet which agreed to accept the 242 UN resolution of 1967 as being applicable to all of Israel's borders. The Liberal wing of Gahal as well as then transport minister Ezer Weizman opposed leaving the unity government and Mr. Begin carried the vote in the party's central committee only by a three-vote majority.

Both Labour and the Likud have come a long way since. Mr. Begin signed the Camp David agreements six years ago, which are based on resolution 242 and represent official government policy, and Mr. Weizman will be a senior member of the new national unity government as part of the Labour Alignment. The day-to-day coexistence in such a government might yet create new, unforeseen alliances. Judging by the negative attitude of the ultra-nationalist Tehiya party, one can already assume that the unity government is likely to move from extreme positions towards the centre.

It is regrettable that Labour's left-wing Alignment member Mapam could not see its way towards adopting a pragmatic attitude and will decide to bolt the Alignment and move into the opposition.

But now that the new government is to be presented to the Knesset without much further delay, it has to get down to business right away. Needless to say that its first and most urgent item on the agenda is tackling the dangerous state of our economy.

Mr. Peres will now have ample opportunity to prove that he can be a good leader of a team which will have to take the country out of its present morass.

Moscow cracks the whip

ONCE AGAIN, Erich Honecker, the head of East Germany's government and party, has called off his state visit to West Germany. A year ago, the ostensible reason for postponing the long-awaited first visit of the German Democratic Republic's leader was that influential voices in West Germany, led by Bavaria's strongman Franz Josef Strauss, cried foul murder when a West German tourist died of a heart attack while being detained by East German customs officials. This time, the reasons for the cancellation of Honecker's visit to Bonn go deeper and have much more far-reaching implications.

It has been evident for some time that Honecker, who has for the past two years made a steadfast and valiant effort to develop a *Westpolitik* of his own, has come under heavy fire from Moscow, directly and indirectly, for pursuing a course of cautious independence and trying to maintain an opening to the West through closer ties with the bigger half of Germany.

There were, of course, economic considerations behind that policy. The German Democratic Republic, priding itself on its own economic miracle in becoming the Soviet bloc's leading industrial country, has been paying a heavy price for its privileged trade conditions with the German Federal Republic. A large part of the burden of keeping Poland afloat has fallen upon East Germany, and Moscow has been pressing Pankov to supply more and better goods to the Soviet Union instead of exporting them lucratively to the West.

West German credits to East Germany have therefore gone far in greasing the relationship between the two German states. It is nevertheless superficial to believe that credits and commerce are what has motivated Erich Honecker to maintain a bridge to West Germany even after the Pershing II missiles have been stationed in the Federal Republic and the icicles of a new cold war have closed the cracks in the Iron Curtain that were opened during the period of East-West détente.

What unites the two Germanies is the horrendous awareness that the fault line between East and West runs through their countries and that any armed conflict that might break out will leave both Germanies in ashes even if it stops short of a nuclear Armageddon. East Germans are acutely aware that, 39 years after the end of World War II, they are still an occupied country, whose sovereign powers go just as far, and no further, than the occupying power permits. They believe, and make themselves believe, that the same holds true for West Germany, which in the last resort is constrained to do Washington's bidding.

Honecker, encouraged during the brief Andropov period, has been making an effort to defuse the tensions that neared the breaking point after West Germany went ahead with the stationing of the Pershing missiles.

Moscow has apparently interpreted this as a move towards what might become a European neutralism, led by the two Germanies. It is the counterpart of the charges of neutralism that have been levelled at West Germany's Social Democrats because they wanted the stationing of new nuclear weapons postponed, at least, until all avenues of East-West negotiations had been explored.

The Soviet veto on Honecker's visit to Bonn is also a sharp reminder to all its other satellites that Moscow will not brook any independent openings to the West that go beyond what is in Moscow's own interest. Trade, it seems, is permissible and even welcome. But any move towards relations between its client states and the West that takes on a political hue will sooner, rather than later, invite the crack of the whip.

What remains to be seen is whether Erich Honecker's leadership of East Germany will survive this latest humiliation of being disciplined by Moscow.

The territories: a costly burden

By DAVID RICHARDSON

AS WE CONTINUE to slip further and faster into economic bankruptcy, the issue that so clearly divides the country down the middle seems to have faded from view. What is to become of the West Bank and Gaza and the 1.3 million Palestinians who live there and insist on their right to self-determination?

The debate over the future of the territories has always focused on demographics, politics, morality and security. The economic costs or benefits of withdrawal or continued occupation and de facto annexation have never really been systematically addressed.

But now, a recent study by a Tel Aviv University economist indicates that were Israel to give up the West Bank and Gaza as part of a peace settlement, its gross national product (GNP), projected from present trends, would reach \$400, \$75.50 more than if the territories were retained. Israel's GNP per capita in 1995 without the territories would reach \$7,690, as against \$6,500 with them.

These projections are included in what will surely be a controversial study by Dr. Simha Bahiri, a senior researcher at the Middle East Economic Cooperation Project of the Interdisciplinary Centre for Technological Analysis and Forecasting at Tel Aviv University. His findings, entitled *Peaceful Separation or Enforced Unity: Economic Consequences for Israel and the West Bank/Gaza Area* have recently been published by the International Centre for Peace in the Middle East.

Bahiri has employed complicated econometric models to forecast population and economic growth for Israel, the West Bank and Gaza and Jordan in 1995, with two scenarios in mind: absorption or separation. His overwhelming conclusion is

that all the countries and populations involved would be significantly better off economically if there were what he terms a "peaceful political separation of the territories from Israel in the framework of an overall regional peace settlement."

Israel's gross civilian product (the GNP, less defence costs) would be 45 per cent higher and \$10b. more after a decade of peace as opposed to the projections based on present trends. The GNP of the West Bank and Gaza would reach \$4.3b. by 1995 if they were separated from Israel and linked in some unspecified way with Jordan. If these territories remained linked to Israel, their GNP would only reach \$2.5b.

POSSIBLY ONE of the most controversial of Bahiri's projections is the dramatic decline in defence expenditure. If Israel continues to control the territories, he forecasts, its defence expenditure in 1995 will reach \$8,450m., expected to constitute 26 per cent of the GNP. Without the territories, defence expenditure will drop to \$5,200m., constituting 13 per cent of the GNP.

Continued possession of the territories "might well necessitate a 62 per cent higher defence expenditure... while the annual increase in the defence budget would exceed the annual GNP growth rate," Bahiri writes.

"My basic assumption is that one cannot have peace with the territories. Even the de facto non-belligerence which some would argue we now have implies large defence budgets and lost exports. Our current defence costs are around a third of the GNP and this directly affects investment in the economy, which is now at its lowest level in years," Bahiri said in an interview.

The researcher predicts that up to 700,000 Palestinians would be absorbed in the West Bank and Gaza between 1985 and 1995, including some 70,000 from Israel (whether directly or via minor border rectifications around Jerusalem) in the event of a peaceful regional resolution of the conflict. Allowing for natural growth as well, the Palestinian population of the West Bank and Gaza would total 2.56 million in 1995 (41 per cent of the world Palestinian population, as opposed to 27 per cent today).

"IN CONTRAST," Bahiri concludes, referring to the continued occupation of the territories, "Arabs would constitute 22 per cent of the population within the Green Line (including East Jerusalem); but nearly 40 per cent of the population of 'Greater Israel'."

A separate West Bank and Gaza entity would see an annual population growth rate of 10.1 per cent in the decade following 1985, as opposed to 4.5 per cent if it remained under Israeli control. (Israel's growth rate between 1950 and 1957 reached 11.6 per cent.) This anticipated dramatic growth is based on a projected massive influx of Palestinian returnees, economic aid from the Arab world and the international community and the area's reintegration into the Arab world.

The Jewish population of Israel without the territories would reach 4.3 million by 1995 - 300,000 more than it would be if the West Bank and Gaza were retained, Bahiri predicts. He envisages 180,000 new immigrants (50 per cent of them from the Soviet Union, which could be expected to ease emigration in the wake of an internationally approved peace settlement), 70,000 returnees and a natural increase of 50,000.

Dry Bones



In 1962, when Algeria finally won independence from France, over 1,000,000 French settlers, some of whom had roots going back several generations, returned to France. They represented one-eighth of the population of Algeria and 2 per cent of the population of metropolitan France.

A similar situation occurred a decade later, when hundreds of thousands of Portuguese colonialists left Angola and Mozambique. Bahiri points out that, in both cases, a high degree of mutually beneficial economic cooperation was established between the former colonial powers of France and Portugal and the newly independent former colonies; this occurred, he notes, after and despite protracted wars and often fierce resistance from the former settlers.

By 1985, just over one per cent of Israel's Jewish population will be settled over the Green Line, and

they will constitute about three per cent of the population of the West Bank and Gaza (excluding East Jerusalem).

"If separation is to take place - and domestic and international realities may make it inevitable - the sooner it is implemented, the less costly such separation will be," Bahiri argues. "The economic benefits accruing to both parties would far exceed" the costs of vacating the area even in view of the precedent established by the exorbitant reparations paid to the settlers who evacuated the Yamit area.

In addition, the sooner a peaceful separation comes about, the greater will be the positive economic impact and "the more likely the development of an economic interdependence leading to a strengthening of the vested interest in peace... choice is still possible," Bahiri concludes.

The writer is a member of the editorial staff of The Jerusalem Post.

Attacking the left

By MORDECHAI BARON

But our success has apparently afforded little peace to the activists of Americans for a Safe Israel.

Although more than four months have passed since then, they have apparently found it necessary to enlist Shmuel Katz, a right-wing leading spokesman, and provide him with distorted and baseless information in their usual way, so that he should be able to attack me in the press (*Ma'ariv* and *The Jerusalem Post*, August 24, 1984).

THE STYLE in which many people of our right are accustomed to delegitimise their opponents on the left and the way in which they attempt to put them beyond the pale is not new, and it came as no surprise to me that Katz, too, uses expressions like "collaborator," whose sole purpose is to cast aspersions on the personal integrity and sagacity of his opponent.

There is also nothing surprising in the fact that Katz's wrath was directed at the U.S. tour *per se*; anyone who is reluctant to risk making peace with the Palestinians will certainly be hostile to the idea of any communication and dialogue, which

by their nature confer a basic legitimacy on the other side as a partner to that dialogue.

One point in particular warrants firm response: namely, the question of whether or not I feel any personal friendship for Milhem. That is irrelevant. From a political and historical viewpoint, Milhem is an opponent, belonging to the enemy camp. He makes no attempt to conceal this fact.

There is, unfortunately, still a bitter war in progress between Zionism and Palestinianism, that feeds on the hostility deeply rooted in both camps. Until a historic reconciliation between these two national movements is achieved, the two sides will be in a serious confrontation with each other.

Milhem is a loyal Palestinian and will, therefore, make every effort, orally and in writing, to strengthen the Palestinian cause and weaken the Zionist one.

I consider myself a loyal Zionist (and I don't need any confirmation of this from Katz and colleagues) and I am wholeheartedly ready to

fight with all the means at my disposal to prevent the Palestinians making any political gains in the struggle they are conducting against us. Many people will testify that my contribution to Zionist and Israeli *hasbara* is no less - and at times more - effective than that of people who adopt Katz's stand.

Peace is not made between friends, but between enemies. The cardinal question before us today is how to overcome past hatred and suspicion, the heritage of enmity, and reconcile the two sides, or at least modify their hostility. The question is how to create paths for a fuller dialogue in the future.

The issue, therefore, is not which sentence can be taken out of context from any of the many speeches I have given, or what exactly Milhem said at the height of his struggle against Zionism.

The question is whether our trip contributed anything at all to the encouragement of a long-term peace process in the Middle East, and what kind of image of Israel it created among our audiences.

IT IS NEITHER seemingly nor necessary for me to testify on my own behalf. There are many articles, private letters and conversations which bear witness to the great impression my trip with the Palestinians made on most of those who heard us, both concerning belief in the possibility of dialogue and a positive image of Israel. Gaining the trust of the Palesti-

nians and wide circles among U.S. Jews, and encouraging the sincere willingness of the Israelis to reach a historic compromise, is in constant need of strengthening. And it is not people like Shmuel Katz or the Americans for a Safe Israel who will be capable of performing this important function. Peace will not be achieved through a lecture tour, but insofar as it is possible to make some kind of contribution through talk to the lengthy and complex historical processes, there can be no doubt that the trip I undertook with Palestinian leaders opened a few additional doors to the hopes of generations of Zionists and Palestinians.

And, even more important, a trip of this kind strengthens the positive image of Israel itself.

The official *hasbara* of the Likud government, of which Katz was in charge for a time, may reap not inconsiderable successes amongst certain circles of U.S. Jewry and conservative and reactionary non-Jewish circles. But it stands no chance among liberals and progressives. I have frequently heard of repeated failure on the part of Katz to explain his position to American intellectuals.

This task must be left to groups like Peace Now and the Israeli left. Even from the narrower viewpoint of the success of Israeli *hasbara*, government circles in Israel would do well to realize that the outside world also includes people who do not accept their position; people who do not count Zionism as part of their own creed.

In order to estimate the value of my trip, Katz should turn to the liberal circles we spoke to, and not to his friends from the Jewish right who see their world through the distorting mirror of their narrow concepts.

The writer is a Citizens Rights Movement MK.

READERS' LETTERS

THE POWER OF THE HISTADRUT

To the Editor of The Jerusalem Post Sir, - I am more than ever convinced that the only way Israel will solve its economic problems will be by breaking the Histadrut into several components and thus breaking its stranglehold on the economy.

The Histadrut is a government within a government with no responsibility to the electorate of the country. In the days of the Mandate, it served a very important and useful purpose to thwart the sinister and oppressive British mandatory power. Today, however, when it thwarts the Israel Government, it is a disservice.

No country can function properly when the government is challenged not only by an irresponsible labour monopoly, which is in addition the most powerful conglomerate. A unity government must not only change the political system, but must also break the stranglehold of the Histadrut on the economy.

How can a country function properly when an employer cannot dismiss an employee even for cause? How can a country function properly when labour organizations are permitted to call "prestige" strikes? Unjustified labour strikes waste more economic assets each year than Jews all over the world contribute to Israel's economy.

Unfortunately, present-day Israel has become a *shomer* nation looking for handouts rather than a proud people determined to solve its economic problems through hard work and austerity. Where is the former pioneering spirit that made Israel a great and proud country? It must be restored and hopefully it will.

MANUEL M. POLIAKOFF
Ashkelon (Baltimore)

LUDWIG SCHWERIN

To the Editor of The Jerusalem Post Sir, - I had the opportunity to read the short assessment of Ludwig Schwerin's life-long labour by Meir Rommen in your issue of August 17 in connection with the short exhibition of his early works at the Israel Museum.

I was privileged to know Ludwig Schwerin for more than 30 years and have an extensive collection of his work, both pen and wash and more importantly his oils of vivid colour and deep expression. Far from being simply "good with animals," Ludwig was an ever experimenting craftsman of the highest order, with a vivid imagination and a considerable sense of humour which frequently crept into his work in a subtle fashion.

I understand that an exhibition of some of his work will also be staged in Ramat Gan later this year, and I hope that it will be fully representative of the wide range of his activities.

K.J. GRADON
London.

THANKS TO AACI

To the Editor of The Jerusalem Post Sir, - There are many religious organizations which try to "save a soul." There is one organization here which tries to "save immigrants" and succeeds: the Association of Americans and Canadians in Israel.

From my own experience and the experience of many friends, I can say with certainty that the AACI does everything in its power to ease the way for immigrants. I personally, don't know what I would have done without the warm, friendly, helpful Jerusalem AACI office.

YEHUDITH HENDRY
Jerusalem.

PENFRIENDS

YVONE FRILUND (28), of Gustaf Adolfsgatan 28 B, SF-66900 Nykarleby, Finland, is married and the mother of two sons and would like to correspond with an Israeli woman of her age. She is interested in music and languages.

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